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THE BOTTLENECK OF HONGKONG PRIMARY INDUSTRIES

PART I: FISHERY AND AGRICULTURE

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The primary industries of Hongkong have presented a bottleneck through which very little of the increased postwar population pressure could have been released. This was due not only to the scarcity of land and natural resources but also to the reluctance of capital to finance the development of these industries which, ultimately, can be explained by political uncertainty and by the system of land-tenure. In addition, a comparatively small proportion of refugees was suited or willing to be absorbed in the Colony's agriculture, fishery and mining. In spite of this, various efforts have been made to overcome this bottleneck and in some cases, particularly in the output of fish and vegetables, the results achieved have been remarkable.

1. FISHERY

The possibilities of expanding fishery, the Colony's chief primary industry, were early appreciated and substantial progress has been made in this sector of the economy during the post-war period. The achievements in the field of fish marketing have been even indicated by the F.A.O. as a model to be followed in all countries of Asia and the Far East.[1]

Until the end of the Pacific War, the standard of education among local fishermen was low and, for generations past, there had been little or no incentive to increase production or to improve methods of fishing. This was due mainly to the ***Laan*** or middlemen system which kept the fishermen poor and in debt. A form of co-operative enterprise in which the fishermen would operate their own wholesale markets was possibly the ideal solution in this situation but, in competition with the powerful middlemen system, such an enterprise was scarcely likely to succeed. Government therefore decided, in October 1945, to set up an organization to control the transportation and wholesale marketing of marine fish, which, by reducing the profits of middlemen, ensures that fishermen receive reasonable and steady returns for their catch.

This is the tenth article in the series of Mr. Szczepanik's Studies in the Economic Structure of Hongkong. Cf. this Review of October 28th, November 11th and December 16th 1954; July 17th, September 29th and December 29th 1955; July 5th, November 22nd and December 20th 1956. [Editor's note]

1. Cf. E. F. Szczepanik: A Survey of Fish Marketing in the Indo-Pacific Region, published as F.A.O. Report No. 404, Rome, 1955.

This in turn encourages them to try out new gear and improved methods of fishing, and makes possible a general improvement in their conditions of livelihood.

The Fish Marketing Organization, the senior personnel of which are members of the Civil Service, is controlled by the Director of Marketing, but maintains itself out of a 6% commission charged on all sales. The Organization is so devised that, with the future development of co-operative societies, it could eventually become a co-operative body independent of Government. The Director of Marketing is concurrently Registrar of Co-operative Societies.

The Organization now controls four wholesale fish markets at Aberdeen, Shaukiwan, Yaumati, and Taipo. As fishermen operate from various scattered ports, internal transport to bring the fish from village or port to main market is important. Collecting centres have thus been set up in the main fishing towns, and from these the Organization provides land or sea transport to convey catch to the markets. There are eight fish collecting depots and posts, situated at Cheung Chau, Tai O, Stanley, Kolauwan, Kat O, Shataukok, Sai Kung, and Castle Peak. In addition to handling fish on behalf of the fishermen, depot staff also act in an advisory capacity to them. Assistance is given in obtaining licences for boats, in registering personnel, in settling disputes, in obtaining medical treatment, and so forth.

At the markets the fish is sorted and graded, prepared in suitably sized lots, weighed, and sold by public auction. The proceeds of sale, less the 6% commission, may be collected at the markets by individual fishermen shortly after their catches have been sold or returned to the collecting centres to be collected at the sellers' convenience.

As an additional service for the convenience of fishermen, the Organization maintains a Supplies Section for the purpose of making basic supplies available for sale at depots, posts and markets. These supplies include ice, fish hooks, drinking water, diesel fuel oil and lubricating oil, mantles and so on, which are sold at the lowest possible prices. Until December 1954 rationed rice was also issued, but when rationing of rice was abolished, it was decided to suspend its supplies through the F.M.O.

Education has played an important part in the welfare programme of the Organization. The policy of the Organization is to provide schooling in those fishing villages where facilities are not already available; to subsidize schools which have been organized by the fishermen themselves; and to grant scholarships to those students who have finished study in the Organization's schools and are desirous of further education. In 1955 over 1,350 fishermen's children were receiving education at schools wholly or partially financed by the Organization.

The nine years from 1946 to 1955 have seen remarkable progress in the mechanization of the fishing industry in Hongkong. By the end of 1955 there were 890 mechanized craft in the fishing fleet, whereas in 1946 all fishing craft were wind-driven.

Much of the mechanization has been a result of fishermen receiving credit facilities from local engineering companies but at the request of interested fishermen, the F.M.O. deducted money from proceeds of sales of fish in order to pay off the loans from the engineering companies. Similar facilities have been afforded those fishermen who borrowed money from the Department of Agriculture, Fisheries and Forestry's Junk Mechanization Loan Fund which is financed by the Colonial Development and Welfare Fund.

In September, 1946, a loan of HK $250,000 was received from the Government for the purpose of establishing a revolving fund from which to issue loans to fishermen, at low interests, for productive purposes. This loan was completely repaid in 1949, and the Organization now operates its own revolving fund. Since 1946, this fund has revolved many times and by 31st March 1955, 2,468 loans amounting to HK $2.2 million had been granted. Repayments have been good; of the sum issued, about HK $ 1.6 million has been repaid.

As a result of all these aids, the Colony's fishing fleet consists now of over 6,000 junks, 15% of which are mechanized, and 31 Japanese-type trawlers. They are manned by a sea fishing population of approximately 56,000[2] or by about 14,000 fishing families, operating from various ports and fishing centres, the most important of which are Aberdeen and Shaukiwan (on Hongkong Island), Cheung Chau, Tai O, Tai-Po and Sai Kung. About 95% of the fleet is owner-operated, the rest being owner-directed, by fish-dealers and fishing companies. A number of prominent business houses in the Colony have recently expressed their interest in establishing fishing companies, and there is every indication that the near future will see a further expansion of the local modern trawler fleet.

The expansion of the Colony's fishing industry had a great effect on the output of fish. Fish sold through the F.M.O. in 1946/47 totalled 253,515 piculs whereas in 1954/55 this figure increased to 686,690 piculs. The total quantity of fish landed in 1955 was about 40,000 tons valued at HK $36.8 million. This would give average annual output of about 3 tons per fishing family, without counting subsistence fishing.

Simultaneous with the increase in the output of fish there has been a marked downward trend of prices although fluctuations, resulting from instability of demand and supply, were also visible. The following index numbers (1947/48 = 100) illustrate these trends of the supply and prices:

2. In 1945, fishing population of the Colony was estimated at 26,257 persons.

Sales and Prices of Fish in Hongkong 1946-1955

Year	Quantity of fish marketed through F.M.O.	Wholesale prices of fresh fish
1946/47	98	133
1947/48	100	100
1948/49	155	104
1949/50	188	144
1950/51	194	120
1951/52	197	119
1952/53	227	94
1953/54	216	117
1954/55	268	84

Source: Annual Departmental Report of Registrar of Co-operative Societies and Director of Marketing, 1954/55.

Although Hongkong still imports the larger part of fresh-water fish consumed, the supply of marine fish is now evidently meeting the demand, and it would appear that the next step required is to develop overseas markets for Hongkong's marine fish surplus, presumably in dried form. The Fish Marketing Organization owns a mechanical fish dryer which, however, is not fully utilized due to the reluctance among salt fish dealers to make full use of the facilities offered by it. Experiments have been started in fish smoking.

The commercial export of salt-dried fish from Hongkong was seriously affected when the Chinese authorities banned its import into China in 1950. This ban is still in force, but local merchants have been able to find new outlets, and new markets are being established in Singapore, Indonesia, the Philippines, Canada and the United States. In 1954/55, total income derived from salt/dried fish was estimated at HK $4.8 million (5,871 tons).

In 1955, Hongkong dealers exported 22 million of fish fry by air and sea, the main destinations being Singapore, Thailand and Japan. Apart from the export of salt-dried fish and fish fry, exportable commodities are now provided by oyster culture in the New Territories. The principal area of oyster culture is Deep Bay, where, with the assistance of the Government and the University important improvements are being made in oyster culture methods. Annual production is about 1,000 tons of fresh oyster meat, the bulk of which is processed into dried meat and into juice, for export. In 1954/55 the total value of output of oyster culture was estimated at HK $ 4.6 million (fresh oyster meat—HK$1.7 million, dried oysters—HK$1.96 million, and oyster juice—HK $0.89 million).

In Tolo Harbour attempts are being made to introduce edible oysters, and two varieties of pearl oyster are under observation. There are about 500 acres of ponds used for fish farming, producing annually about 350 tons of carp and mullet (HK $ 1 million in 1954/55). After unsuccessful experiments raising of carp in rice-fields has been abandoned.

Thus the total value of output of Hongkong fishing industry in 1954/55 was as follows:

	HK$ million
Fresh fish	34.6
Salt dried fish	4.8
Pond fish	1.0
Oyster culture	4.6
Shrimps and fish fry	0.2
Total	45.2

This would give about HK $ 3,000 per annum per fishing family, or approximately HK $750 per person a year. This income was approximately the same as in the manufacturing industry and almost twice as high as in agriculture which did not keep step with other industries.

So far, Government efforts to encourage co-operative movement among the fishermen have not been very successful. By 1955, there were 20 Fishermen's Thrift and Loan Societies, but their membership was only 389. Towards the end of 1955 the first marketing society was formed by a group of fishermen from Aberdeen. A fish pond co-operative society has been formed by the villagers of Luk Keng, in the Shataukok district. On the whole, great difficulty is experienced with fishermen's societies in which it is often difficult to find members who are sufficiently literate to keep the most simple of accounts. This has thrown an extra burden on the F.M.O. staff. It is likely, however, that the social structure of Chinese fishing population is reluctant to accept the new social group which a co-operative society represents. To spread the co-operative "gospel" much educational work, and thus money, would have to be spent. It appears that the F.M.O. has now sufficient funds to carry out even a fairly ambitious project in co-operative education. In 1954/55 the Organization made a net profit equal to HK$85,000, and the total profits accumulated since 1945 amounted to HK $2.1 million. The bulk of this sum, HK $1.3 million, was left on a fixed deposit account. Money is thus available. What seems to be missing, however, is a sufficient number of trained co-operative workers who would be able and willing to go to fishermen and preach the gospel in an orthodox way, i.e. by keeping sufficiently and clearly distant from the communist concepts of co-operation. Forced "co-operatives" in China have driven recently to Hongkong a number of fishermen so that a step in false direction could be detrimental to the co-operative movement in Hongkong.

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2. AGRICULTURE

Scarcity of land and its hilly relief have always been the factors preventing the development of agriculture in Hongkong to any significant extent. Very little scope, therefore, could be found in the Colony's agriculture to relieve the postwar population pressure. In spite of this, some efforts have been made to increase the use of the available land,

mainly by encouraging the growing of vegetables, pig-breeding and poultry farming.

The following index numbers illustrate the rising trend in the production of vegetables in 1947—1955 (1947/48 = 100).

1947/48	100
1948/49	108
1949/50	144
1950/51	172
1951/52	198
1952/53	231
1953/54	241
1954/55	285

Source: Annual Departmental Reports of the Registrar of Co-operative Societies and Director of Marketing, 1954/55.

Thus in 1955 on about 2,250 acres approximately 62,000 tons of vegetables were grown and their value was estimated at HK $18.2 million, giving an annual value of the output per acre equal to HK $8,000. As the total value of vegetables sold in the Colony in 1954/55 amounted to HK $22 million, home production of vegetables provided 82% of the total consumption.

Contrasted with vegetables, production of rice has been much less remunerative and of much smaller significance from the point of view of satisfaction of local demand. In 1954/55 the total output of 23,000 acres under rice amounted to 26,000 tons of paddy or 17,600 tons of milled rice valued at approximately HK$17.6 million. Thus the value of rice-output per acre was only about HK$740 per annum. It was estimated that the home output of rice was sufficient to satisfy only about 8% of the total demand, i.e. the local annual output of rice was enough for one month's consumption.

On 3,500 acres a number of field crops, such as water chestnuts, turnips, ginger and lychees, have been cultivated for years and approximately 950 acres were in 1955 under orchards. The annual value of fruit production was estimated at HK$5 million, giving the value of output per acre equal to 5,263 dollars. The output of field crops (2,597 tons) was estimated at about HK$3 million, and approximately HK$1.3 million was derived from export-sales.

Thus the total value of agricultural output by 1955 reached only about HK$43 million per annum, which would be a very miserable share of the estimated 200,000 persons living in the Colony's villages, mainly in the New Territories, had it not been supplemented by animal husbandry. Thanks to the efforts to increase pig-breeding[3] and poultry farming, the total value of animal production in 1954/55 reached over HK$27 million composed as follows:

Pigs	HK$12.0 million
Dairying	7.4
Poultry	6.0
Ducks	1.5 (export only)
Cattle	0.5

The annual product of the agricultural sector of the Colony can thus be estimated at about HK$70 million. This would give only about HK$350 per person p.a. or less than one dollar a day. The situation would seem even worse if it is taken into account that the Colony's orchards are highly commercialised and the bulk of dairying is in the hands of one large enterprise in Hongkong (The Dairy Farm Ice and Cold Storage Co. Ltd) and one smaller enterprise near Kowloon.

Thus, according to Government estimate, the annual value of output per acre was HK$875 if farming was combined with animal husbandry and only HK$581 for farms without livestock. The average size of a family holding was estimated to be 2 acres, which would give HK$1,750 for mixed farms and only HK$1,162 for farms without livestock. Assuming the average size of a farming family as equal to four persons, this would give HK$438 per person p.a. only for mixed farms; for farms without livestock—the average annual income per person would fall to HK$290.

Furthermore, account should be taken of the fact that about 80% of the Colony's agriculture is based on the share-tenancy system and the landlord's share usually ranges between 40% and 60% of the crop.[4] This system seems to depress the level of farmers' income to a bare minimum of existence, making agriculture one of the least attractive occupations in the Colony. No efforts have been made so far to change the share-tenancy system in Hongkong's agriculture. No proposals concerning even a mild land reform have been put forward. To say the least, this is strange but it is one of the most striking features of the deeply-rooted laissez-faire capitalism. It does not seem likely that this situation will last much longer. If not under internal pressure, land reform movement in Hongkong will have to begin under external pressure in view of the changes taking place not only in Communist China, but also in Taiwan, South Vietnam and many other countries in Asia.

The low level of agricultural income and the existing share-tenancy system are very important factors explaining the fact that out of the 40,000 acres of cultivable land only 32,000 acres are under some use. However small, there is therefore still some scope for the expansion of the Colony's agricultural sector. But the necessary capital-outlay connected with the building of new roads, irrigation etc. has not been, so far, regarded as justifiable. There has not yet been even any preparatory socio-economic survey of Hongkong's agriculture.

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3. VEGETABLE MARKETING SCHEME

The main device which contributed to the expansion of the Colony's agricultural output and the raising of farmers' income has been the vegetable marketing scheme introduced by the Military Administration in September 1946. Under this scheme, similar to the fish marketing scheme introduced in 1945, the wholesale marketing of vegetables in the Colony is controlled, and all vegetables produced in or imported into it are sold wholesale in the Government-organized wholesale market situated in Kowloon. The main aims of the scheme are the provision of efficient and orderly transport and marketing facilities so that farmers receive a fair return for their produce and so that they may be encouraged to grow more vegetables. To implement the scheme, aid has been received from the Colonial Development and Welfare Fund. Grants and loans from this Fund (total HK$854,000 by the end of 1954/55) have been used to purchase a fleet of 31 lorries and to help in the establishment and running of the collecting centres.

The vegetable marketing scheme operates now under the "Agricultural Products (Marketing) Ordinance" issued in May 1952. The Ordinance provides for the appointment of a Director and of the Marketing Advisory Board. This consists of the Director and four other persons who have wide and practical experience of the difficulties and needs of vegetable farmers.

The Vegetable Marketing Organization (V.M.O.) has been so planned that it may eventually be taken over by the farmers themselves and run as a co-operative enterprise. Accordingly, vegetable farmers are now being encouraged to form Vegetable Marketing Co-operative

3. In 1955 local pig-breeding supplied about 12% of the demand for pork in the Colony.

4. Landlords obtained the Crown land from the Government on 75 years lease.

Societies. In 1953 these societies joined together in a Federation with the object of taking over those activities which are common to all societies and which could profitably be undertaken collectively. It is hoped that in time this Federation will gradually take over the manifold functions of the Organization.

The main functions of the V.M.O. are:

(i) the collection and transportation of vegetables from collecting points to the wholesale market in Kowloon;

(ii) the supervision of all sales and financial transactions;

(iii) the distribution of nightsoil;

(iv) the provision of credit facilities.

(i) A chain of the V.M.O. depots has been established in the chief agricultural districts. A farmer wishing to market vegetables may borrow standard size baskets free of charge from his local depot. He then brings his vegetables to the depot where they are weighed and he is given a receipt note. He may then choose either to accompany his vegetables to market or leave them in the care of a friend or the depot's market representative. The vegetables are transported to the wholesale market in specially designed lorries. These vehicles run to a schedule which is revised daily according to requirements. The transport fleet is adequate, except at the peak periods when commercial lorries are hired to supplement V.M.O.'s transport. The fleet is serviced and maintained in the V.M.O.'s workshops.

(ii) On arrival at the market, the baskets of vegetables are unloaded and put on display. The sale of vegetables is then negotiated between the farmer or his representative and the buyer, and when agreement has been reached, the sale is confirmed by a market appointed salesman. The purchaser then pays the full value of the sale to a market cashier and after he has changed the vegetables into his own baskets he is free to leave the market. The proceeds of sales, less a 10% commission charge which covers all services, are sent back later in the day or early next morning for distribution to the farmers. This should be contrasted with the situation prior to the starting of the Organization, and still ruling in many Far Eastern countries, when the farmer received only 60%—70% of the final wholesale price.

(iii) In 1952 a scheme for the maturation and distribution of nightsoil was introduced by the Organization. Nightsoil is transported by Urban Council barges to Tsun Wan where they are unloaded by the V.M.O. staff and the nightsoil is stored in large maturation tanks. After the requisite period (at least 18 days) the matured nightsoil is conveyed in tank lorries to distribution tanks in the main vegetable producing areas. It is then distributed by the V.M.O.

(iv) In 1953 the Organization set up a revolving fund for the purpose of extending credit facilities to vegetable farmers. The loans are for productive purposes only and are made available to farmers through co-operative societies. In 1954/55, 1,032 loans, totalling over HK$274,000 were approved. Repayment of these loans has been very good.

Steady progress is being made towards the ultimate goal of making the Organization fully co-operative and results here have been better than among the fishermen. In March 1955 there were 15 Vegetable Marketing Societies with 3,005 members. These societies and three farmers' vegetable collecting centres (embryo co-operative societies) were handling nearly 60% of all locally produced vegetables marketed through the V.M.O. As the co-operatives take over much of the work of the Organization, 3% of the 10% commission charge is now refunded to them, so that they may cover their expenses. From this 3 per cent. each society pays the salaries of its staff, purchases baskets, provides stationery, etc.

In 1954/55 the Organization already made a substantial surplus amounting to HK$415,472 from which, however, HK$95,000 should be deducted in respect to the salaries of executive staff and inspectors paid by the Department of Marketing and Co-operatives. The profit was mainly built up by the sales of nightsoil, the commission being used chiefly to cover running expenses of the Organization.

By March 1955, total profits accumulated by the V.M.O. amounted to HK$1,333,000. Strangely enough, almost the whole of this large fund, HK$1.2 million, was kept on a fixed banking deposit! This is a proof of good administration but also an obvious evidence of bad economics. One would expect that this sum will be soon "ploughed back", i.e. invested in some useful form in the industry from which it originated.

Mention should be made that no marketing scheme has been introduced to assist the poultry-breeders and pig-keepers. These farmers are thus still at the mercy of the dealers in livestock or *Laans*, as they are called, who dictate prices according to the local demand and the supply from the interior of China. Money accumulated by the Vegetable Marketing Organization could perhaps be used to start a marketing scheme for the sale of poultry, eggs and pigs.

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4. AIDS TO AGRICULTURE

The most characteristic aid to agriculture developed under the pressure of refugees has been the assistance provided by the Kadoorie Agricultural Aid Association.[5] After the Japanese occupation the number of livestock in the Colony was very small. When the great influx of refugees came to Hongkong from China many were unsuited for any occupation but farming. To help them to make a start and to increase the supply of pork in Hongkong, the Kadoorie brothers, two wealthy local businessmen, decided to erect and stock piggeries and supply vaccines as an instance of their philantropic activities. Breeding sows have been distributed and farmers have been assisted by gifts or interest-free loans. Breeding accommodation has been provided in up-to-date sties and sufficient feed to last nine months has been supplied to each family with two sows. The proceeds from the progeny of these sows, when sold, pay off the feed loan and a small percentage of the cost of erecting the sties. Recent development in this field is the supply of pre-fabricated sties. Advice on breeding, feeding and management is extended by the field staff of the Department of Agriculture.

In addition to helping the pig-breeders, assistance has been provided to poultrymen in the form of free gifts of poultry. Help has also been given to rice and vegetable growers, for whom land has been opened by terracing and irrigation systems installed. Interest-free loans enabled the farmers to buy better fertilizers. For assistance to farmers during periods of drought, six portable irrigation pumps were presented to the Department of Agriculture. These pumps have also been used to help pond-fisheries by emptying dams for cleaning and repairs, and in some areas their use has allowed an additional vegetable crop. Further assistance in the form of interest-free loans has enabled pond-fish raisers to repair broken and damaged walls and re-stock ponds with thousands of fish fry.

The Kadoorie scheme commenced on 28th September 1951. Up to the end of May 1954 total aid involved an expenditure of over one million dollars to assist 8,965 fami-

5. Cf. Reports of K.A.A.A. of 31st May 1954 and 31st Dec. 1955.

lies, or approximately 18% of the Colony's agricultural population (estimated at 50,000 families).

During 1954/55 the Association extended its activity mainly in the following fields: (i) improving irrigation and access roads, paths, bridges, piers, drainage and protective works; (ii) diversifying agriculture by the introduction of new crops such as pineapples; and (iii) planting of village orchards. The village orchard venture, on which the greatest accent is now placed, is a co-operative one, involving free labour from the village, technical assistance and guidance from the Department of Agriculture and a free gift from the K.A.A.A. of planting material and protective fencing. Fertilisers and insecticides are given as free gifts over a period of three years from establishment.

In 1955 a new venture was started, viz. The Kadoorie Agricultural Aid (Loan) Fund. It operates the fund of HK$0.5 million towards which both the Government and the Association have made equal financial contributions and Government has provided administrative assistance. The Fund is used to grant interest-free loans to farmers for all purposes connected with animal husbandry and agriculture.

Another Fund which is used for financial assistance to farmers is the J. E. Joseph (Loan) Fund, set up in 1954 and amounting to HK$0.45 million; it is also administered by the Government and loans are granted from it at 3% p.a. Both Funds, therefore, do not exceed HK$1 million which, comparatively speaking, is very little. To get loan money from traditional sources the farmer has to pay high interest charges. An interest rate of 3% or more per month is not uncommon, and farmers become heavily indebted and their land mortgaged. Trading banks with normal commercial interest charges are not interested in the peasant farmer. Thus farmers who are heavily indebted to money lenders, or when land is mortgaged to hilt, become apathetic and degenerate to a state of poor subsistence. This is still, unfortunately, the lot of the bulk of Hongkong farming population.

The Department of Agriculture has been making constant efforts to aid the local farmers, ever since its foundation in 1950, by the policy of protecting and developing plant and animal resources. The Department gives technical advice and assistance by the teaching and demonstration of approved farming practices, encourages the conservation of vital water supplies, soil and soil fertility. The activities of the Department are co-ordinated with the Rural Development Committee.

The plans for future policy[6] envisage the improvement of irrigation and communications throughout the New Territories, planned settlement of undeveloped land, the diversification of farming to include the extension of animal industries, a soil survey of the Colony, and planned experimental work directed to the introduction of new crops, the improvement of existing crop varieties, soil fertility, and the control of pests and diseases of crops and animals. Expansion of the co-operative movement among farmers is also planned.

Apart from the crying need for land reform and the provision of more ample source of credit and insurance facilities, insufficient attention still seems to be given to the cultivation of marginal lands, and the supply of better educational services and medical facilities for the farming population. Unless all this is done as a part of an ambitious agricultural policy, this sector of the economy will persist as one of the most awkward bottlenecks.

6. Cf. W. J. Blackie: Agriculture in Hongkong with Policy Recommendations, 1955.

SHIFT IN BRITISH FOREIGN POLICY

One of the first fruits of Britain's shift to Europe and the British Commonwealth is the successful negotiation of agreements that will constitute a big step towards the creation of a United States of Europe, and will link them in the development of vast areas of the African Continent. The agreements cover the setting up of a Customs-free Economic Union between France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg, whereby a common market is to be brought about in gradual stages by the reduction of tariffs and other trade barriers over a period of years; the creation of Euratom, and co-operation in the development of atomic energy; and a joint investment effort to develop the economic resources in Africa. Britain proposes to join in a free trade area which will enable her as well as Switzerland and the Scandinavian countries to associate themselves with the common market.

Britain's shift toward Europe and the Commonwealth as bases of British policy in the world, and the intransigence —at least at the present time—toward the surrender of other positions, represents in the eyes of one well-informed American observer, a compromise between Left and Right within British society. For a decade the Left has advocated the gradual surrender of Britain's overseas holdings. This has been going on from India to the Gold Coast in Africa. For a decade the Right has been demanding that key positions be held to safeguard the economic position of an island that depends for its position on commercial and industrial activities. The new Macmillan Government is convinced that by building on the joint foundations of the Commonwealth and a United Europe, it is preparing for a new exercise of British political influence in the affairs of the world. But it is being forced by the exigencies of the economic situation to retain in Cyprus, Malaya and elsewhere the vestiges of the colonial empire that help Britain maintain herself as an industrial power.

Washington's decision to work only through the U.N. merely increases the necessity for a distinctive British line, which may well proceed parallel with American policy but have nuances and angles of its own. This was seen in Mr. Macmillan's speech at the reception in honour of General Norstad, in which he insisted that the balance between insurance and over-insurance must be determined by the statesman responsible to elected Parliaments and not by the strategists. The point was sharpened in British reactions to the Soviet proposals for the Middle East on February 12. The West, said the Foreign Office spokesman, could not turn down the Soviet plan right away. To do so would offend the Arab States and thus provide a diplomatic victory for Russia—rather a reversal of the Suez order of things! At the same time, fresh from Premier Bulganin's "rockets for England" threat, the Kremlin drops Shepilov and (under the aegis of the grim and implacable Gromyko, of all people) embarks on a cynical courtship of Great Britain. It virtually suggests a common alignment in world policy—a pretty cool suggestion in the light of what went before it—and a division of Europe between them in political influence. It would seem that the world's "newest" form of Government also has Machiavellian ideas that are centuries out of date and bear no relation to the fearsome realities and compulsions of man's Twentieth Century existence. Even so, the Foreign Office has quite rightly said that the West cannot reject any proposals designed to promote the stability of the Middle East, which has been an abiding aim of British policy ever since the collapse of the old Turkish power.

There was a remarkably clear enunciation (albeit unofficial) of British policy in a special despatch from the chief correspondent in London of the New York Times last month. As the tumult and shouting over Suez and the fall of Sir Anthony Eden died away, the quiet men in the Foreign Office began to weave a new pattern of policy under the new Prime Minister, who has very definite ideas on how Britain can best approach the key problem of her survival as a great Power in the modern world. The pattern is new but the changes are of emphasis rather than in the basic approach. The first and most obvious change is the development of the search for new combinations of power on which Britain's international position can be based. For the first time since 1950 a British Government is making a serious effort to enter an economic union with the nations of Western Europe and to establish this country as the main link between Western Europe and the nations of the Commonwealth. This is an important change in pattern. It is tacit recognition of the fact that Britain alone cannot hope to compete as a world power with the Russian and American colossi. But that small island has maintained itself under such conditions before by the organization of coalitions and combinations. Mr. Macmillan's Government is following a well-trodden path.

Britain turned to other nations that find themselves in the same case and urged European economic union as a means of creating a third force in international affairs. This is a concept that does not have a great deal of following in the nation at present. It enjoys, however, warm support among a large percentage of the Conservative members of Parliament and their Socialist opponents.

Another aspect of the shift of policy toward new combinations is that less attention is being paid to existing alliances. For various reasons the unwritten alliance with the United States, Britain's position in the North Atlantic Treaty Organization and her membership in the United Nations receive less governmental and public attention today than they did six months ago. The alliance with the United States has been downgraded from a political rather than a military standpoint. No British Government could doubt the importance of United States assistance in a world war. But as the British have found out, a world war is not the only sort of conflict in which they may become involved. Nothing that has happened in the Middle East before or since British intervention has encouraged reliance upon the backing of Britain's American ally. Nor is there great confidence in the "Eisenhower plan" as a solution for Middle East problems.

Britain welcomes consultation by the United States on the Middle East or anywhere else. Mr. Macmillan will be happy to visit Washington. But the policy-makers are not thinking in terms of Britain's role in the alliance with the United States as much as they are of Britain's role as the leader of a united Europe. The country's obligations under NATO are being downgraded politically for an obvious reason. Britain cannot afford them. Unless the Germans are prepared liberally to support the British troops defending the North German Plain in place of the German Army that has not yet been raised, the British are going to reduce their forces in Germany, perhaps by as much as 50 per cent or two divisions.

The reason for the present rejection of the United Nations by the Government and by a considerable section of public opinion is emotional. Its reality cannot be doubted. Mr. Macmillan did not once mention the United Nations in

his first speech to the British people as Prime Minister. Criticism of the United Nations in many cases is the outward expression of the feeling that the world body can no longer be expected to provide this country with a fair hearing because of the Anglophobia of the African and Asian groups. This is certainly not the conviction of the leaders of the Labor party. But there is some doubt whether the willingness of Hugh Gaitskell and his colleagues to work with and through the United Nations is accepted by the rank and file of the Labor movement.

The shift away from the accepted patterns of international relations with the United States, the United Nations and NATO is perhaps the most striking difference between British foreign policy today and foreign policy six months ago. The economic, strategic and psychological motives for the shift were apparent then. Free transit for the ships of all nations through the Suez Canal remains the cardinal objective of British foreign policy. The Government is committed to the United Nations as the instrument for obtaining this objective. From the standpoint of many professional diplomats, however, the exercise of economic sanctions upon Egypt is far more likely to obtain transit through the canal than "artful persuasion" by Secretary General Hammarskjold of the United Nations.

Basically the attitude of the new Government toward the solution of the Suez problem varies very little from that of Sir Anthony Eden's Administration. Mr. Harold Macmillan is as convinced as his predecessor that the present Egyptian attitude menaces British access to the oil supplies on which she must depend for her economic life in the next decade. In this area of foreign policy few Britons regard this country as being on trial. It is now up to the United Nations, they believe, to prove that it can reach the equitable settlement it has so often promised. By this the British do not mean re-establishment of their old position in Egypt. Or even in the Middle East area. What they want is fair treatment on the Canal. But they are not going to go on their knees for it. The Prime Minister and a number of his subordinates already have stressed their belief that Sir Anthony's policy of intervention in Egypt was the correct one to meet the situation of the moment and they cannot repudiate this belief without inviting a political onslaught of major dimensions.

In these circumstances it is understandable that although the Government intends to do all it can to sell its new program for Cyprus, it will not be ready to give up its base on the island. One reason is that British diplomats see no sign that the United States is prepared to use force to defeat Communist-inspired Nationalist rebellions in the Persian Gulf area. Consequently the conviction that Cyprus must be held as a base from which Britain could act to prevent such rebellions and protect the source of oil is unshaken. A clearly defined United States plan for policing the Middle East might have induced Britain to withdraw its control of Cyprus in favor of a NATO solution. The absence of such a plan, and the United States' hostile attitude toward Britain's attempt to establish a situation in Egypt favorable to Western economic interests, have pushed home the lesson that if the nation's oil supplies are to be secured they must be secured by Britain.

MOSCOW AND PEIPING: SEEDS OF CONFLICT?

By G. F. Hudson

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More significant than any contrasts of ethnic disposition or cultural inheritance, the root difference between Communist China and the Soviet Union is simply that communism has held the central state power in Russia since 1917, and in China only since 1949. In relation to Communist doctrine, this means that China is at an earlier stage of the road which every proletarian revolution must travel in order to reach the historically predetermined Marxist goal.

Communist doctrine, to be sure, permits tactical variations for the attainment of socialism, but these do not alter the principle that a nation can qualify as socialist only when it has eliminated private enterprise from trade, industry and agriculture. The Soviet Union officially claimed to have reached this stage in 1934 after the general liquidation of the New Economic Policy in the towns and the collectivization of peasant farming throughout the country. China has not yet reached it despite the greatly increased tempo of social and economic transformation during the last year.

That China must pass through the same stages of evolution already pioneered by the USSR was recognized by the Chinese Communist leadership from the start of the new regime. Liu Shao-ch'i, second only to Mao as CPC theoretician, declared in October 1949 that the party particularly emphasized Sino-Soviet cooperation because "the path already traversed by the Soviet people is exactly the path we should follow." The revolution in China, he claimed, had succeeded because the Chinese Communists had learned from Soviet Russia as their teacher; henceforth, in the building of socialism, they must also learn from Soviet experience.

There is no reason to suppose that Liu's statements were inspired merely by motives of flattery. Mao, Liu and their associates were voluntary converts to a doctrine which postulated just such a stage-by-stage advance toward the final goal. It was precisely the successes and achievements of Stalinist Russia which made the Communist revolutionary ideal appear practically attainable to its Chinese adherents and fired them with determination to tread the same path of socialist evolution. Moreover, the Chinese Communist leaders were fully aware that Soviet connivance in Manchuria in 1945-46 had been a decisive factor in the ultimate success of their struggle against the Kuomintang. Now that they were masters of the Chinese mainland, they looked to the Soviet Union not only for continued guidance along the road of Marxist-Leninist progress, but also for the technical and economic aid without which industrialization would be impossible.

Weaknesses in the Sino-Soviet Tie

For the leaders themselves, this dependence upon Soviet Russia as mentor, model and source of material aid —involving recognition of her more advanced development and hence superiority—was least difficult to accept. But among the Chinese masses with their traditional suspicion

of all foreigners, the intelligentsia with their attachments to the West, and even the rank-and-file of the Communist Party with their high self-confidence and spirit of self-sufficiency, the idea of reliance on the Soviet Union had to be put across by means of intensive, high-powered propaganda. Thus, the Sino-Soviet Friendship Association became one of the principal subsidiary organizations of the CPC, with thousands of local branches up and down the country. Through lectures, exhibitions, films, books and magazines, the association sought to glorify the USSR and its achievements; among other things it had, by the summer of 1953, printed nearly seven million copies of Stalin's works in Chinese translation.

The Soviet Communists naturally were gratified by the attitude of the Peiping leadership, but fundamentally they did not regard it as any more than their due. They recognized that China was too large and important to be bracketed with the "people's democracies" of Eastern Europe, and that care must be taken not to offend the susceptibilities of so proud a nation. Still, they regarded China as a country both economically and politically backward, which could not be expected to achieve the transition to socialism for many years. Meanwhile, the Soviet Union would not be standing still but moving on from socialism to communism. This higher stage of evolution, which Western observers generally regard as having little practical significance, is in fact of great importance as a teleological concept. It serves not only to keep up the dynamism of the party within the Soviet Union, but also to assert Soviet superiority over the junior partners of the Communist bloc still struggling along the road to socialism which the USSR had finished traversing 22 years ago.

With so much deference on one side and so strong an assumption of superiority on the other, the pupil-teacher relationship between Communist China and the Soviet Union seemed established for an indefinite period. There were, however, two essential conditions for a partnership on this basis to work satisfactorily. One was that the Soviet Communists should cooperate in preserving the panegyric of their own history and not embarrass their Chinese admirers by defaming it. The other was that Peiping and Moscow should agree on their respective spheres of influence for the conduct of both state diplomacy and Communist revolutionary activities abroad.

Neither of these conditions has been adequately fulfilled in recent months, not so much because of any change in the Chinese Communist attitude as because of the new developments in Soviet policy. On the one hand, the CPSU's retrospective turn against Stalin has tended to vitiate Peiping's exaltation of Soviet experience of the Stalinist epoch as the model for China. On the other, continuing accord on external spheres of influence cannot but be prejudiced by the marked extension of Soviet diplomatic activity in Asian areas which are a natural field of Chinese political interest.

China and Destalinization

The attack on Stalin at the Twentieth CPSU Congress clearly took the Chinese party leaders by surprise. Chu Teh, attending as a fraternal delegate, delivered a speech at the start of the congress which referred to Stalin in terms indicating that he had no inkling of what was about to happen. Togliatti, leader of the Italian CP, has declared that he, too, went to Moscow without any foreknowledge of the impending onslaught on the memory of the man who, for nearly thirty years, had been not only the effective ruler of the Soviet Union but also the central figure of the international Communist movement.

There are only two possible explanations for this evident failure of the Soviet party to take the leaders of the foreign Communist parties into its confidence regarding so momentous a step, which could not conceivably be regarded as of mere domestic concern to the Soviet Union. Either the attack was not premeditated and the decision to launch it was taken by the Soviet leadership only at the last moment—perhaps even during the congress—or Khrushchev and his colleagues feared that the foreign Communist leaders would oppose the move if informed of it in advance. Whichever of these hypotheses may be correct, and whatever the motives behind the Soviet action, the repudiation of Stalin was presented to the non-Soviet Communist parties as a fait accompli, without consultation and apparently without regard for the consequences it might have for them.

These consequences have been particularly serious for the Chinese party just because of the great efforts it made at home to build up Soviet Russia not only as China's ally and protector in international affairs but as the model for faithful Chinese imitation in the march toward socialism. Moreover, intensive propaganda had led the Chinese generally—not just members of the party—to think of the "great and glorious Soviet Union" as a state which, to be sure, was founded by Lenin, but which above all owes its advance to its present industrial and military strength, including its victory in World War II, to the transcendent genius of Stalin.

Marx, Engels, Lenin, Stalin—this was the great historic succession, to whose contributions in the formation of Communist doctrine "the thought of Mao" was now added as an appendix. But while Marx, Engels, and Lenin were given their place in the Chinese Communist pantheon, it was Stalin whose name carried the greater weight. The Chinese Communist revolution, indeed, belongs to the Stalin era. Except for a few party veterans, nobody in China has any direct memory of Lenin or of the brief period of collective leadership in the Soviet Union following his death. Nearly all the present members of the Chinese party, as well as the broad masses of the Chinese people who have been living since 1949 under Communist rule, were initiated into a religion of which Stalin was already the virtual god, and in which Mao was elevated to similar status, though on a slightly lower plane.

In the Soviet Union, if the new leadership saw fit, for whatever reason, to repudiate the cult of personality and decanonize Stalin, it at least had something to fall back on—Lenin and the days of the "Troika" when Stalin was not yet undisputed master of the party Central Committee. For the Chinese Communists, however, there is nothing prior to the age of Stalin and Mao, except their obscure beginnings as a mere faction within the Kuomintang; and for the Chinese generally, whether convinced Communists or half-converted camp followers of the new regime, the name of Stalin is indissolubly linked not only with the image of Soviet Russia as model and ally, but also with the victory of Communist power in China itself.

To pull down the Stalinist idol was consequently far more dangerous for the Communist Party position in China than in the USSR itself. Though the Peiping leaders made every effort to conceal it, their embarrassment was obvious enough from their cautious, equivocal handling of the affair.

The Peiping Line on Stalin

In the first place, the Chinese party leadership has manifestly tried, ever since the Twentieth CPSU Congress, to avoid undue public attention at home to the repudiation of Stalin. The party press studiously refrained from any expression of Chinese Communist views on the issue until early April, several weeks after the end of the congress, while its news reporting of developments abroad connected

with destalinization was both sketchy and highly selective. This policy of extreme reticence was relaxed in mid-July with the publication of the first part of an official two-volume Collection of Criticisms on the Stalin Issue, which notably excludes the Khrushchev secret speech but does contain many of the major statements by foreign Communist Party spokesmen reacting to it. While the essential facts of the turn against Stalin thus appear to have been made belatedly available to the Chinese public, it is clear that this was done in the way least likely to attract general attention.

The first and most succinct public statement of the Chinese Communist reaction to destalinization was an editorial published in the leading party organ, Jen-min Jih-pao, on April 4 and based on "discussions" at an "enlarged" meeting of the CPC Politburo. This declaration, while it paid polite tribute to the "courageous self-criticism" of the CPSU pursued two main lines of reasoning, both of which bespoke something less than real satisfaction with the unilateral step taken in Moscow.

On the one hand, the declaration sought to minimize the damage done to Stalin's reputation and, in so doing, implicitly reproached the Soviet party leadership for going too far. It stressed that, in the struggle to defend and carry on "the legacy of Leninism," Stalin "proved himself an outstanding champion of Marxism-Leninism" and must be credited with "indelible achievements." At the same time, it reduced Stalin's crimes to notably innocuous terms—"serious mistakes in the latter part of his life," "subjective and one-sided thinking," "conceit" and "lack of circumspection."

On the other hand, the declaration laid great stress on the alleged freedom of the Mao regime from the defects ascribed to Stalinist rule in the USSR. "The Chinese Communist Party," it stated, "has waged continuous struggle. . . against elevating the individual above the masses" and based its practice of "correct leadership" on the principle of "The Mass Line."

For intelligent Chinese, however, such reasoning must be remarkably unconvincing in view of what they now have learned of the true nature of Stalin's rule. The similarities between the phenomena of Stalinist Russia and those of contemporary China with its personality cult of Mao, its purges of leaders formerly high in the party hierarchy, its mock trials, forced labor camps and all the other accompaniments of ruthless dictatorial rule must be all too obvious.

As long as such things were covered for the Chinese Communists and their adherents by the prestige of Stalin's Russia, as long as they were regarded as an essential part of the system as practiced in Russia, they could be defended as necessary and ultimately beneficial. Stalin, it could be argued, had been rough and arbitrary in his leadership, but he had thereby cleansed his country of traitors and opportunists, won a great war and made the USSR the strongest power on earth. But now the Chinese were told that Stalin's tyranny had not been necessary at all, that his most eminent victims had been innocent men (or at least not worthy of death), that he had not won the war at all, and that for years he had been an impediment rather than an inspiration to the great achievements of the Soviet people and the Communist Party. How, then, was it possible to justify, from Russian example, the severity of the Mao regime in Communist China?

This points to the essential cause of Peiping's quite evident discomfiture over destalinization, namely its unwillingness—indeed, its inability at the present stage of Communist Chinese development—to effect the relaxation of police and other Stalinist-type pressures which is the necessary corollary of destalinization. For the Soviet leaders such a relaxation is possible without any imminent danger to the dictatorship of the party. Capitalist enterprise and private peasant ownership of land in the USSR have long since been liquidated; the long years of Stalinist terror wiped out all groups capable of resistance to the party's rule; a great modern industrial structure has been built; almost the entire adult population has been indoctrinated from childhood in the Communist philosophy and denied uncontrolled contact with the non-Communist world. In such circumstances the Moscow leadership can afford to respond to popular desire by granting a limited degree of liberalization; in the short run, it stands to gain public support by such action, although there is the longer-term possibility that the relaxation will lead to new difficulties when the meager ration of freedom granted ceases to satisfy the Soviet citizen.

Communist China, on the other hand, is not yet in a position where it can contemplate a similar easing of totalitarian controls. It is at a point of its socialist development roughly corresponding to that of the Soviet Union at the end of the 1920's, that is to say, at the start of the period which witnessed the ruthless carrying out of high-speed industrialization and collectivization of the peasantry, when the policies of the party were imposed by the unlimited use of coercion, when extreme tensions were engendered in society and within the party itself—in short, the period which saw Stalin emerge in the fullness of his despotic power.

Stalinism a Necessity?

China, indeed, is not moving out of a Stalin era, but into one. The Mao regime finds itself confronted with virtually the same circumstances that faced the Soviet party 28 years ago—low productivity and a backward economy; a population preponderantly composed of peasant proprietors and including a still numerous petty bourgeoisie; an intelligentsia which received its higher education largely American in pre-Communist days; and a working class more interested in an immediate improvement of its miserably low standards of living than in grandiose construction projects of remote benefit. Like the Stalinist leadership earlier, Peiping proposes to cope with these conditions, not by slowing down, but by speeding up its program of rapid industrialization and socialization of all means of production. Instead of greater freedom, this spells the unavoidable maintenance of an extreme concentration of power; instead of a relaxation it means the continuation, or even intensification, of police terror.

The Stalin era thus provides the Chinese Communist leaders with just the precedents they require at the present stage of their rule. Unfortunately for them, however, the golden age of Stalinist violence and autocracy is no longer respectable by the present official standards of the Soviet Union. This situation places them on the horns of a painful dilemma, and the Eighth Congress of the CPC, held in Peiping during the latter part of September, gave fresh evidence of the conflict between the Chinese party's own will and the contemporary trend of Communist international orthodoxy inspired from Moscow.

It is hardly surprising, in view of the great resemblance between the Chinese Communists' adulation of Mao and the worship formerly accorded to Stalin, that the Chinese party leaders showed themselves at the congress to be still very much on the defensive regarding the delicate question of the cult of personality. They dutifully paid perfunctory lip service to the "correctness" of the Twentieth CPSU Congress' action in repudiating the cult, but Stalin's name was discreetly not mentioned in this connection by any of the speakers, whether Chinese or fraternal delegates from other

countries. It was notable that the chief Soviet delegate, Anastas Mikoyan, who had been the first to criticize Stalin by name at the Twentieth Congress, now deferred on this point to the sensibilities of his hosts.

The defensive posture of the party leadership was most evident in the equivocal references made to the cult in its application to Communist China. Thus, Deputy Premier Teng Hsiao-ping, reporting on revision of the party constitution, stressed that "for a long time it has been a tradition of our party to make collective and not individual decisions." At the same time, he insisted that Marxism-Leninism never denied "the functions of leading persons in a party" and that "love and support of leaders . . . have nothing in common with worship of an individual." Similarly, Liu Shao-ch'i, senior Vice-Chairman of the CPC Central Committee, qualified his remarks pledging "thorough application" of the collective leadership principle with this justification of Mao's special position:

> As everyone knows, the reason why the leader of our party, Comrade Mao Tse-tung, has played the great role of helmsman in our revolution and enjoys high prestige in the whole party . . . is not only that he knows how to integrate the universal truth of Marxism-Leninism with the actual practice of the Chinese revolution, but also that he firmly believes in the strength and wisdom of the masses, initiates and advocates the mass line in party work, and steadfastly upholds the party's principles of democracy and collective leadership.

Much the same sort of thing, of course, was said about Stalin himself in the days of his power. If he led the party in its domination of the people, he also ruled the party as the special representative of the people, in whose eyes he had been built up by propaganda as the personal embodiment of the revolution. In China, the "mass line" which Mao alone can "initiate" is likewise a concept which sets him above both the party and people. It has nothing to do with representation in the sense of a freely elected leadership, but rather reflects the need for a father-king-god felt by peoples which have known parliamentary government and and for centuries were accustomed to the rule of despotic monarchs. Just as Stalin inherited the autocratic powers of the Tsars, so is Mao the heir of the Son of Heaven. The Chinese Communists cannot do without his higher authority in the present critical period of their rule and will continue the cult of his personality regardless of whatever experiments in oligarchy are carried out in Moscow and nominally subscribed to by themselves.

There is, therefore, no doctrinal split, but a certain discrepancy between the present attitudes of Peiping and Moscow arising from the fact that the Soviet Communists have repudiated, or at least cast a slur upon, just that part of this history which corresponds to the period the Chinese are now passing through. By itself, however, this might not be of serious consequence for Sino-Soviet relations were it not for the fact that the recent external policies of the Kremlin have included a drive to expand Soviet influence in South and Southeast Asia—a move which is far from being in harmony with Chinese Communist aspirations.

Sino-Soviet Rivalry in Asia

That Peiping sees itself as ordained and entitled to lead the Communist struggle in Asia is open to little question. After the establishment of the Chinese People's Republic, the Peiping leadership formulated the theory that whereas Soviet Russia, as a former imperialist power, had by its successful revolution set the example for other imperialist powers, i.e., for the nations of the West, China, by carrying through a Marxist revolution in a semi-colonial country, had shown the way to all the colonial and semi-colonial countries of Asia and Africa. The logical implication of this idea was that Europe and America should be reserved for Communist activity directed from Moscow, while Peiping should provide the revolutionary leadership for Asia and Africa.

There is no evidence that this principle ever received favorable consideration in Moscow, but it did, for a time, correspond roughly to the working division of labor between the two Communist powers. As a result of postwar events, the Soviet Union was deeply involved in the affairs of Europe and paid relatively little attention to the Middle or Far East. The Korean conflict shifted the storm-center of world affairs to Eastern Asia, but the Soviet Union, despite its original sponsorship of the North Korean Communist state, allowed Peiping to play the hand and gain paramount influence in Pyongyang, evidently out of fear that its own intervention would lead to an all-out Soviet-American war. In Vietnam also, for geographical reasons, Communist China was left to call the tune.

Within the last year, however, a shift in Soviet policy has brought about an entirely new situation in Asia and Africa. A great Soviet diplomatic offensive has been launched with the dual objective of supporting all anti-Western nationalist movements from Morocco to Indonesia and bringing the non-Communist governments in these areas into a measure of dependence upon the USSR. The sinews of this ambitious program have been proffers of arms and economic aid, reinforced by a political "superstructure" of elaborately staged exchanges of state visits by Soviet

leaders and the government heads of the countries concerned.

In all this spectacular activity, effective as it has undoubtedly been in promoting the Communist cause internationally, Peiping has very obviously been left out in the cold so far as China's own special political interests are concerned. The reason is not far to seek. Outside the Western democratic camp, it is the Soviet Union, not China, which can supply modern armaments, steel mills and capital goods to the weak and economically retarded countries of Asia and Africa; it is the Soviet Union with its giant modern industry and imposing military power which fascinates the predominantly socialist-predilected intelligentsia in these countries and inspires them with the desire to learn from "the advanced experience of the Soviet Union." Indeed, they look upon China, not as mentor and guide, but essentially as one of themselves—a fellow-struggler along the road of industrialization, a fellow-pupil in the school of Soviet socialized economic progress, and a fellow-competitor for military and economic assistance.

It must be extremely humiliating to Communist China that the manifest superiority of Soviet prestige now extends to India, Burma and Indonesia—all countries which, in the Chinese Communist view, should be looking to Peiping rather than Moscow for counsel, guidance and aid. What makes this still harder for Peiping to stomach is the fact that the Soviet military and economic aid which is cutting out or forestalling the growth of Chinese Communist influence in Asian and African countries must necessarily come out of the stocks on which the Chinese themselves rely. The more that is diverted to Egypt and India, the less will be available to help fulfil Communist China's second Five-Year Plan. The amount of Soviet aid to the Chinese Communists has, from the outset, been disappointingly inadequate, though certainly vital; and now they must wait in line with other applicants that are even Communist. Thus, the Khrushchev diplomacy, disturbing and embarrassing as it may be to the Western world, does not appear to have been framed with much consideration for the feelings and interests of Moscow's Chinese ally.

The Shape of the Future

It is, of course, true that there has as yet been no open conflict between Peiping and Moscow, and that an adjustment of respective spheres of influence may be reached by negotiation. Nevertheless, political agreements cannot alter the basic realities of the situation. The strength of Communist China is potential, not actual; the strength of Soviet Russia is actual and therefore must prevail at present wherever the two Communist powers compete for influence, even without any Soviet intention to push China aside. The Afro-Asian primacy of Soviet influence was not manifest as long as Moscow policy remained quiescent toward these regions, but it was bound to assert itself as soon as this quiescence was replaced by an active and aggressive diplomacy.

For the present certainly, there is little that Communist China can do to counteract effectively the mounting Soviet politico-economic campaign in Asia—except perhaps in Ceylon, where the mutual advantage of exchanging Ceylonese rubber for Chinese rice gives China an unusually favorable economic position. Elsewhere Peiping can make only feeble gestures to rival the lordly munificence of Moscow. Some economic aid in the form of capital goods has been promised to Cambodia, for example, but can Communist China really spare such goods when they are desperately needed for the execution of its own second Five-Year Plan? More than likely, Peiping either will fail to implement this promise or will have to make it good at the expense of vital requirements of the overstrained Chinese economy.

Whatever resentments and frustration the Chinese Communist leaders may feel in the face of renascent Soviet ambitions in Asia and Peiping's inability to cope with them, these feelings must be stifled as long as China's present condition of extreme dependence on the USSR prevails. The outward solidarity of the two great Communist powers can therefore be expected to continue unbroken for some time, even though the twin major developments in recent Soviet policy—the defamation of Stalin and Stalinism at home, and the unfolding abroad of a concerted effort to bring Asian and African countries within the orbit of Soviet influence—have created underlying stresses in Sino-Soviet relations. Should Communist China fully succeed with its second Five-Year Plan and avoid any serious internal upheaval in the meantime, the Peiping regime is likely to become stronger, less dependent on Moscow, and possibly even capable of extending an appreciable amount of aid to the under-developed Asian countries. Under such circumstances, the subsurface stresses could become too sharp to permit further concealment.

Even before this, it is possible that the Chinese Communists may give indirect expression to their displeasure with Moscow by establishing closer links with the Communist parties of Western Europe, particularly with the important semi-independent center of leadership represented by Togliatti. The fact that Togliatti's original, sharply critical comments on the all-out turn against Stalin have been publicized in China despite their suppression in the USSR indicates that Peiping finds common ground with the Italian Communist leader's opposition to arbitrary, unilateral changes in line imposed from Moscow—though this is not at all to say that the Chinese party is nearer in spirit to the Western CP's than to the Soviet.

The new "polycentrism" of the international Communist movement, as proclaimed by Togliatti, does not mean any breakaway—least of all by Communist China—in the direction of reconciliation with Western democracy. All the Communist parties retain their Marxist-Leninist principles, their claim to absolute power for the party, and their fundamental hatred of Western liberalism. They may still be expected to act together as a bloc on any vital international issue such as the Suez crisis.

But there is no longer a unified central direction of the world Communist movement as there used to be. Until his death, Stalin was the accepted leader of all Communists everywhere (except the Yugoslavs after 1948); today Khrushchev is not. Basically Khrushchev is a smaller man without the qualifications to wield Stalin's power. Still he might have carried on the supreme direction of international communism—even if with reduced effect—had he carefully preserved the Stalin myth and ritually established himself as Stalin's legitimate successor. Instead, for reasons which are still obscure but certainly relate to the internal politics of the Soviet Union, he has shattered the myth and broken the sacred succession.

Today, Khrushchev may remain the real boss of the "collective leadership" in Moscow, and the new policies of that leadership may well have furthered the formation of Soviet friendships with Nehru, Sukarno and Nasser such as Stalin could never have achieved. But Khrushchev no longer exercises the high command of the world revolution. It is no longer clear who in the Communist camp is giving orders, and who is taking them. A great and formidable Communist power remains arrayed against the West, but the substitution of a confederacy for the mighty host which but yesterday obeyed a single will is a change that cannot but have far-reaching consequences. There is no one heir to Stalin's empire.

PROBLEMS OF JAPAN-CHINA TRADE

Adjacent geographically, Japan and China have had economic and cultural relations for a long time. Japan's trade with China has played an important role in the economic development of Japan since the beginning of the Meiji Era. However, economic interchange between the two countries was hit by various artificial obstacles caused by the last World War with the result that trade between the two has been unable to recover to half as much as prewar level. Since the Geneva Conference last year, international tension has relaxed and the cry for trade expansion between East and West has become louder. The problem of peaceful co-existence and economic interchange between capitalist and socialist nations came up for discussion. Riding on the recent world-wide boom, leading countries of the world have tried to expand markets in Continental China. Efforts of Japanese and Chinese for normalization of Japan-China trade were made. Japan held a trade fair in Peking for 20 days from last October 6, and negotiations have got under way to promote trade between the two countries. There is much opposition in Japan to trade with Red China as one generally fears the expansionist policy of Peking and distrusts promises and statements by Red China.

Prewar and Postwar Japan-China Trade

Prewar China, including the Chinese mainland, Manchuria and the Kwantung territory but excluding Formosa, was a very important market for Japan. As seen by the following table, Japan's exports to China, on the average of those for 1937 and 1938, accounted for 19.6% of China's total imports, at the top of the list of the world's exports to that country. In the import phase, Japan ranked third with 12.5%.

Prewar Trade Volume of China Broken Down by Areas

(In millions of dollars)

Export to or Import from	Exports 1937/1938	Exports average	Imports 1937/1938	Imports average
Grand Total	241.9	100.0%	277.6	100.0%
North America:	49.8	20.6	54.2	19.7
United States	48.1	19.9	51.0	18.4
North Western Europe:	54.1	22.4	87.5	31.5
United Kingdom	20.6	8.5	27.3	9.8
Germany Fed. Rep.	19.4	8.0	38.9	14.0
Southern Europe	1.4	0.6	4.2	1.5
Eastern Europe & USSR	1.0	0.4	4.6	1.7
Middle East	1.2	0.5	1.3	0.5
Other Asia:	127.7	52.8	115.6	41.6
Hongkong	61.6	25.5	6.5	2.3
Japan	30.3	12.5	54.0	19.6
Oceania	1.5	0.6	6.9	2.5
Other Africa	4.4	1.8	0.5	0.2
Miscellaneous	0.8	0.3	2.3	0.8

Chinese Trade and Its Percentage against Japan's Total Trade

(In millions of dollars)

	Imports Japan's total Imports (A)	Imports from China (B)	B/A %	Exports Japan's total Exports (C)	Exports to China (D)	D/C %
1934	877	92	10.5	825	155	18.7
1935	933	101	10.8	936	165	17.6
1936	1,049	114	10.9	1,035	191	18.4
1937	1,364	126	9.2	1,199	228	19.0
1938	1,070	161	15.0	1,112	332	29.8
1939	1,070	177	16.6	1,331	454	34.1
1946	229	4	1.6	77	4	4.6
1947	524	5	1.0	174	10	5.9
1948	684	25	3.6	258	4	1.6
1949	905	22	2.4	510	3	0.6
1950	974	40	4.1	820	20	2.4
1951	2,047	22	1.1	1,355	6	0.4
1952	2,029	15	0.7	1,273	1	0.0
1953	2,409	30	1.2	1,275	5	0.3
1954	2,399	41	1.7	1,629	19	1.1
1955	2,476	80	3.2	2,010	28	1.4

The importance of China trade in Japanese trade as a whole, though subject to sharp changes by political and military factors, accounted for 21% in export and 12-13% in import on the average of 1930-39 figures. These figures show that China in prewar years was more significant as Japan's export market than as an import market. Prewar China, unlike today, did not control the Chinese mainland, Manchuria and the Kwantung territory under the same political power and Japanese trade relied more on Manchuria and the Kwantung territory than on the mainland. After the war, China lost its importance as Japan's export-import market due to internal disturbances between the Nationalist Party and the Communist Party. The last war resulted in a decline in Japanese production, and Japan-China trade collapse.

However, Japan soon reopened her private trade and recovered productivity. Japan in March 1950 was formally approved by the US State Department to conduct trade with China. This paved the way for the development of Japanese trade with that country, bringing the trade volume to a postwar high in the same year. Still the percentage of China trade in Japan's total trade was 2.4% for export and 4.1% for import. But the favorable trend that loomed largely, disappeared as Japan-China trade met the ban put on the export to China of strategic goods at the end of 1950. In 1952, Japanese exports and imports to and from China both dropped below 1% of respective totals. After 1953, however, the nation's trade with China again staged an appreciable recovery due to great efforts on both sides, as well as to gradual release of the export bans following the end of the Korean war.

The commodity structure in China's prewar trade was featured by a pattern of what is termed as suitable for a backward nation or a semi-colonial area. Year after year, her trade continued to register a huge import excess. China exported raw materials and semi-finished goods produced in agricultural and mining fields and imported industrial manufactures as well as a considerable amount of foreign raw cotton and foods in spite of her being an agricultural country. However, China's trade structure has made radical changes since 1950, indicating a growing trend toward industrialization. In the first place, development of her agricultural production has made her self-sufficient in provisions, and China is now in a position to export some. Secondly, the bulk of imports into China includes capital goods and raw materials necessary for construction and industrial development. On the average of figures for 1934-36, Japan's exports to China were, for the greater part, consumer goods instead of producer goods, with textile products accounting for the biggest percentage of 25.8%; machinery 18%; foods and beverage 12.8%; and metals including steel, 12.4%. In contrast, the commodity structure in China's 1950 imports showed a big change, with metals taking 75.2% (49.8% for steel) and machinery 12%.

This means that producer goods constituted a major proportion of exports to China, while the percentage in importance of consumer goods scored a sharp decline. On the other hand, Japan's purchases of China soybean, which took 14.7% of the nation's total imports from China on the 1934—36 average, jumped to as high as 34.1% in 1950. Imports of coal and iron ore also rose in importance, but those of soybean cakes and oil-seeds have been reduced. In short, postwar China is seeking heavy industrial products from Japan to push ahead her industrial policies. In this sense, the Japanese economy has been hard hit by the loss of

an extensive Chinese market due to the Peking policy of industrialisation. This policy is motivated mainly by warlike ambitions of Red China. It also imposes hardships on the Chinese, and is compelling foreign nations to readjust their position toward China.

Current Situation

The recent economic construction in China has made a striking development. With the target of the first Five Year Program of China expected to be attained during this year she is now planning to enter upon the second Five-Year Program from 1957. The scale of the second Five-Year Program is double the first program. Her overseas trade has shown a rapid increase since 1950. If trade further rises China's trade volume in 1962 may reach US$10 Billion. China's interchange with other socialist states progressed satisfactorily. The export embargo by UN against China had its effect but now is slowly whittled down. Still, progress of Peking's war-industrial policies was retarded by the UN embargo. China's trade with free nations is bound to increase as there is not only a limit to the self-sufficiency of socialist countries but China is anxious to come into closer economic relations with other nations.

China's Trade with Free Nations

(In millions of dollars)

	Exports		Imports	
	First half 1954	First half 1955	First half 1954	First half 1955
Asia:	150.6	153.6	57.9	55.8
Ceylon	17.6	11.8	17.9	9.6
Hongkong	53.0	70.9	31.9	21.4
India	0.7	2.5	0.7	5.3
Indonesia	1.7	5.6	0.2	2.1
Japan	17.7	45.1	4.7	14.7
Malaya	14.9	17.7	2.5	2.7
Western Europe:	44.8	56.9	36.9	49.9
France	4.4	4.1	5.4	3.3
West Germany	16.0	17.6	8.0	13.6
United Kingdom	10.8	16.1	8.2	11.8
Switzerland	5.5	8.0	10.0	12.0
Africa	5.3	14.7	10.3	8.1
Others	7.7	5.5	3.7	5.0
Total	163.4	230.7	108.8	118.8
Japan's percentage	10.8%	19.5%	4.8%	12.4%

Japan's trade in value with China in the first half of 1955 accounted for 17.1% of total trade of China with free countries.

Japan-China Trade Value for Monthly Average 1953—1956

(In thousands of dollars)

Monthly average	Exports		Imports		Total	
1953	378	(100)	2,363	(100)	2,353	(100)
1954	1,590	(421)	3,396	(137)	4,987	(175)
1955	2,352	(622)	6,728	(272)	9,080	(318)
1956 (Jan.-June)	3,573	(945)	6,107	(248)	9,680	(339)
July, 1956	5,068	(1,340)	8,156	(345)	13,224	(463)

Monthly average of exports for the first half of 1956 was 9.5 times the 1953 figure, or 1.5 times as much as that for 1954.

Broken down by months, moreover, validated exports in June last year were US$8,554,000 and imports US$1,960,000, resulting in a record high of US$6,594,000 for favorable trade balance, though imports exceeded exports for the first five months. In August, trade totaled US$13,636,000 and in September the highest postwar record of US$15,196,000, according to the statistics of the Japan-China Export-Import Association.

Largely creditable for such favorable trends were efforts by traders but growing interest of the Chinese in Japanese goods was another major contributing factor. More responsible will be the progress made in the economic construction of China which accounts for the fact that the Five-Year Program is on the point of being accomplished in four years.

The following list shows the percentages of commodities exported and imported in the first half of last year.

Commodity Structure

Exports		Imports	
Superphosphate of lime	21.3%	Rice	34.0%
Ammonium sulfate	12.4	Soybeans	27.5
Cement	8.5	Coal	9.4
Sprays	6.7	Salt	9.3
Galvanized sheet iron	6.1	Magnesia clinker	4.5
Rayon yarn	6.0	Horse beans	3.1
Others	39.0	Others	12.2
Total	100.0	Total	100.0

Chemical fertilizer is the biggest item among Japan's exports to China. Japan stands a good chance of expanding exports of chemical fertilizers to China which is presumed to depend on foreign countries for supply of a considerable amount of this item. Though capable of exporting fairly large quantities of fertilizers, Japan would be unable to avoid competition of Formosan and West European products. As for cement, Japan made a big commitment last May for export to China of more than 200,000 tons. In view of a mounting trend in China toward importing a greater amount of industrial items, Japan may expect a rise in the Chinese demand for cement. As regards machinery and appliances, they are in great demand in China, but most of them, including cotton spinning plant and small-sized motor tricycles, are on the embargo list. Still, export contracts were made in Japan with China for about US$2,000,000 worth of such items. Among plant facilities, textile machinery and related equipment bid fair to command a good sale in the Chinese market. If ships could be sold there, Japan's exports to China would see a brighter picture, though release of this item from the embargo list appears to be hopeless for the time being.

Japan's dyestuff will meet heavy competition from West German products, but vinyl chloride is expected to create heavy demand in China.

In imports, rice and soybean occupy a major portion. The amount of Chinese rice imported in 1954 was 70,000 tons and in 1955 130,000 tons. Chinese soybean which China boasts of as an international commodity is in great demand but some defects in the trade agreement which hinder satisfactory execution of counterpart exports from Japan are responsible for Japan's inveterate excess of imports over exports to China.

Since the resumption of trade between the two countries, trade agreements have been concluded repeatedly. The third trade agreement signed in May 1955 was extended another year last May.

Actual results attained in the Japan-China trade since 1952 are given below (value in Stg. £1,000).

Term	First agreement June, 1952 to Oct., 1953	Second agreement Oct., 1953 to Dec., 1954	Third agreement May, 1955 to May, 1956
Amount of agreement	60,000	60,000	60,000
Actual results	8,080	23,280	33,809
Rate of commitment	5.1%	38.8%	56.4%
Exports	—	8,157	11,019
Rate of commitment	—	27.19%	36.73%
Imports	—	15,123	22,790
Rate of commitment	—	50.4%	74.97%

As seen from the above figures, actual results of export in the one-year period of the third agreement accounted

for 37% of the amount agreed upon, and those of import 75%.

Primarily, the Chinese trade has been conducted on the principle of compensation and barter trade calling for exchange of similar export and import goods classified under three groups, while settlement has been made on a separate barter basis centering around Thomas L/C, export first and Thomas L/C, import first. This pattern of trade, however, has hindered smooth dealings of Japanese firms with Chinese traders as the above principle has remained unchanged since the first agreement was closed four years ago.

Then, due to the efforts of the Japan-China Export-Import Association, Japanese firms entrusted the association with the Thomas L/C, export first balances and Thomas L/C, import first balances with a view to enforcing the pooling system of the association which aimed at freeing such firms from the responsibility for the execution of counterpart exports and imports.

The association, under this system, can deal with the Chinese trade in a rational way, coordinating such L/C balances under the understanding of the International Trade and Industry Ministry. This system is a transitory measure for shifting to a synthetic barter trade. Import goods to be traded in under the system are confined to rice, salt, coal, iron ore and soybeans, while export items include cement, chemical fertilizers, wheat flour, sugar and specially-authorized commodities. The new system has made those firms specialized in Chinese trade get rid of a bottle-neck in the way of promotion of their business.

Japanese traders fought shy of doing trade with China because of limited items of commodity handled as well as of a fear the business, if any, may be awarded on a piecemeal basis. Medium and small firms rather than big concerns were more active in dealing with China. These traders of lesser category, whether having actual business results or not, continued their efforts to find a market for Japanese goods in that country. Some of them, under support of big firms, made immense profits by selling through special channels. As China sided with the minor firms, making much of their good performance, such companies soon became so influential to be a menace to the major concerns. Meantime, the big firms then took positive moves in trade with China because of a deadlock in the maintenance of their old overseas markets as well as of a world-wide trend toward relaxation of export bans to China. There is also a growing tendency among them of seeking financial relations with these medium and small firms.

Another noticeable trend is that a good many firms, which had done business indirectly through specific agents have launched into Chinese trade vigorously and openly of late. Japan's trade with China thus has come into the limelight. With things taking such a turn, industrialists who were sceptical of Chinese trade have come to feel the necessity of correcting their way of thinking about this subject.

Problems Confronting Japan-China Trade

Main features of the Chinese trade are as follows:— (1) International export control: This restrictive measure is traceable to the Korean hostilities, and Japan's exports to China have accordingly been controlled under the contraband lists of COCOM and CHINCOM. Though the range of items of commodities exportable to China has been extended more than 10 times since about the beginning of 1953, there is little possibility of the control being relaxed for the time being, as far as those regarded as strategic goods are concerned. (2) Lack of normal diplomatic relations: The absence of measures for establishment of trade delegation, account settlement and claims has been responsible for a deadlock of trade negotiations. The recent restoration by Japan of peace with Russia will pave the way for resumption of diplomatic relations between Japan and China in the future. Internationally, there still lie delicate problems.

(3) Chinese Trade is a state-operated undertaking: This feature poses a question how much is there for trade between East and West. The China National Import and Export Corporation, a state-operated organization, handles all trade. Japan has no trade corporation to conform to such commercial structure. In Japan, more than 200 firms, some 10% of the total number of her trading houses, are vying with one another in an effort to get ahead of others. The Japan-China Export-Import Association, which started business in December 1955, has played a big role in unifying channels through which Japanese trade with China is conducted. But no substantial result has been obtained to coordinate economic organizations in Japan.

(4) Chinese trade on barter basis: Japan's Chinese trade has been conducted on the principle of exchanging same items of commodities. Recently, a measure for export and import coordination was taken to shift the traditional individual barter basis to a pattern of synthetic barter. This was a step forward and yet dealings still lack elasticity.

As regards the first feature—the international control on exports—the export embargo policy should sooner or later determine its attitude against rising importance of China as a new market for Japanese goods. The COCOM embargo list covers 400 items of commodities, while the items on CHINCOM list number around 650. The number of the CHINCOM list items may be slashed to about the same number on the COCOM list. The exchange of commercial delegations is expected to come to solution by appointing a private trade representative to be treated like a consul, not as diplomat. As for the method of settlement China insists on settlement on an open-account basis under government protection, whereas the Japanese side maintains that it would be impossible to alter the current formula of payment in sterling cash. Japan states that it is not advisable to call for government protection before resumption of diplomatic relations on the ground that it is against the principle of trade liberalization which is aimed at the abolition of conventional trade. Tokyo is considering improvement of the current system by introducing agreement between Japanese exchange banks and the Bank of China so that they may open letters of credit directly (not by way of London). The question is whether China approves such a method. As for trade agreement, Japanese authorities plan an annual trade of US$280 million both ways.

Nobody in Japan is under the delusion that China trade can rise to anything substantial as long as the Peking regime remains in power. The system of doing trade between China and capitalist states is such as to discourage foreign business. Individual businessmen may often make a 'kill' but a nation, such as Japan, cannot expect to benefit from trade with China. Even if all controls were suspended and the embargo rescinded, Japan would face competition from European suppliers which would in many instances defeat Japanese offers of supply. For China, trade is a political weapon which is being ruthlessly used—often to the detriment of the Chinese people who have to pay for the political ambitions and ideological obsessions of the Peking regime. No nation can plan for trade expansion by basing such plans on business with China or, for that matter, on Russia. Japan is no exception, and as a nation she has to be realistic as regards the ulterior motives and intentions of the trade policy of Peking.

SHIPBUILDING INDUSTRY OF JAPAN

Ships launched at the Japanese shipyards during the third quarter of 1956 amounted to 498,475 gross tons, exceeding by far the figure of 283,992 gross tons for the United Kingdom. Japan ranked first in the world as in the previous two quarters. Total tonnage of ships launched in Japan during the one year up to September last stood at 1,531,974 gross tons, or 24.2 percent of the world total, as compared with 21.9 perent for the United Kingdom and 16.8 percent for West Germany. Thus the Japanese shipbuilding industry has made remarkable progress; considering that only in 1954 the ships launched at Japanese shipyards registered no more than 413,843 gross tons, or 7.9 percent of the world total, the progress of Japanese shipbuilding was conspicuous. It was due to the construction of ships for export. Of the 3,853,000 gross tons of the construction work on hand at Japanese shipyards at the end of September, export ships accounted for 3,201,000 gross tons, or 83 percent. Orders coming from domestic shipping firms amount annually to 300,000—400,000 gross tons at best. It is a unique characteristic of the shipbuilding industry that in order to maintain full operation of its construction with an annual capacity of 1,500,000—2,000,000 gross tons, it is obliged to rely for 70—80 percent on orders from abroad. Of total ships launched in the world in 1955, 56.9 percent were being constructed for the builder countries, and 43.1 percent for other countries. Of the ships launched in Japan, however, 70.4 per cent were ships of foreign countries, her own ships representing only 29.6 percent.

Most leading maritime nations are constructing their own ships at their own shipyards. Norway, Liberia, Panama, British Commonwealth countries, the Soviet Union, Denmark, the United States of America, and others are the countries which depend more or less on foreign shipyards. Japan received 25.5 percent of the total orders placed abroad from the world shipping industries. The ratio of orders coming to Japanese shipyards from each country against its total orders placed with foreign shipyards is as follows:

Japan's Share of the Orders Placed Abroad by Individual Foreign Countries (1955)

	%
Norway	0
Liberia	56.6
Panama	29.3
Other British Commonwealth Countries	6.7
U.S.S.R.	0.6
Denmark	85.6
U.S.A.	98.5
Others	18.6
All countries	25.5

Especially Liberia, Panama, Denmark, and the United States are the main customers of Japanese shipbuilders. In April-September period, Panama accounted for 57.5 percent of total orders for export ships, the United States 20.3 percent, and Liberia 16.1 percent. These three nations account for 93.9 percent of all orders from abroad. Panama and Liberia are ship-owners of so-called "flags of convenience". The two countries, and with the United States, form the market for the Japanese shipbuilding industry. The effective shipbuilding capacity of the United States is small while Liberia and Panama have no shipyards. The shipping world of Europe constructs ships at European shipyards, while that of the American continent relies upon the Japanese.

Japan's shipbuilding boom started in the second half of 1954. At first, gridirons were idle owing to a lack of orders, so that they were able to take orders for quick delivery and on terms generally advantageous to customers. This was, above all things, the reason for the large volume of orders from abroad. But later, even after the advantages enjoyed by Japanese shipbuilding industry over other countries regarding delivery time and in other respects had practically vanished, orders continued to flow in. That is due to the fact that Japanese shipyards have proved themselves able to compete with foreign countries, and that their capacity has won world recognition.

Shipbuilding today has undergone notable improvements. The main renovation lies in the adoption of the "welding process" and "block construction formula", which were developed during World War II. Japan's shipbuilding

SELF-HELP HOUSING PROGRAMS IN TAIWAN

There has been an acute shortage of workers' housing in Taiwan in recent years. It is not difficult to understand why. In the first place, there has been a severe damage on workers' housing during the Second World War, as it was estimated that about 40 per cent of workers' housing was either totally or partially destroyed during the war. Secondly, the island was often visited by disastrous typhoon and earth-quake which had caused considerable damage to usually flimsy workers' houses, thus making it necessary to build new ones almost every other year.

But the most important reason is the fact that, as a result of industrialization on this island, which started in 1953, and due to a rapid increase in the total population (from 6 million in 1945 to nearly 10 million in 1956), the number of industrial and mining workers on the island has increased from 92,000 in 1945 to 310,000 in 1955. The number of new houses built by the employers is far from adequate to cope with the situation.

The need to improve housing conditions for workers in Taiwan was therefore generally recognized, and in the summer of 1953 the first self-help housing project was launched at Keelung for the dockers. Since then, the self-help housing movement for workers has been rapidly spreading to almost all the cities on the island. Following is an account of the development.

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industry has invested large funds yearly—especially in 1951—52 for welding facilities, and in 1955 for large type block constructions. Moreover, unlike in other countries, almost all shipyards of Japan manufacture engines, turbins and boilers for themselves, and considerable equipment investments are made along these lines.

The working hour requirements per ton have been reduced about to half, as compared with 1949. Cost has fallen to the world level. The only problem left for the industry is improvement of techniques in the related industries. No small part of the total manufacturing cost consists in the payment to subcontractors who are mostly small-scale makers. The low technological standards of the subcontracting plants constitute a stumbling-block to the modernization of Japan's shipbuilding industry as a whole.

The Japanese shipbuilding industry has, as mentioned above, 3,853,000 gross tons of construction work on hand (as of September end, 1956), while the construction capacity is estimated at 1,500,000 gross tons to 2,000,000 gross tons (The measurement of capacity of shipyards is difficult). Shipbuilders have on hand construction work to last for more than two years. Their delivery schedule extends to the latter half of 1959. The industry is stabilized so far as operation is concerned. Whether or not new orders continue to come in the future is a question that depends on the demand for tankers. For, as seen in recent deals, the orders for cargo boats decreased while those for tankers increased. In the April-September period, tankers accounted for 83.1 percent of ships ordered and 65.2 percent of ships under construction. This tendency may be said to be universal. The increase in tankers is much greater than in the case of cargo boats. A question arises here as to the future of tankers. With the world demand of petroleum expanding fast, there is seen a trend toward larger-size tankers. Tanker construction is expected to continue, ensuring prosperity to the Japanese shipbuilding industry for some time to come.

The Keelung Dockers' Housing Project

In 1953 a group of Chinese and American officials visited the Keelung dockers' houses after they had watched the men at work on the wharves. The squalid condition of the houses struck the visiting officials, who later decided to recommend to the competent authorities for starting a new housing project. After repeated discussions and negotiations between officials, responsible personnel of the Keelung dockers' union, the Keelung Harbor Bureau, C.U.S.A. (Chinese Council for United States Aid) and the Mutual Security Administration China Mission, a joint Sino-American project for aided self-help housing development by Keelung dockers was drawn up in July 1953.

This was a tripartite housing project. C.U.S.A. provided one half of the construction fund and the other half was provided by the dockers' welfare fund; the dockers' union sponsored and took responsibility for the project; the Harbor Bureau contributed supervision and assistance.

As there were about 2,600 dockers in Keelung who were in need of better housing and the funds available were not sufficient to build houses for all, it was decided that each participating docker should contribute voluntary labor in order to reduce construction costs. Only those dockers who were (1) registered with the Keelung Harbor Bureau as members of the dockers' union before January 1, 1951, (2) between 21 and 55 years of age and living with lineal dependents, (3) willing to contribute free labor on a self-help basis and (4) willing to pay back the amortisation fund by instalments as prescribed by the union, were included in the scheme.

The construction fund is a revolving fund. When a house is allotted to a worker, the cost of its construction is regarded as an interest-free loan to him from the union. No down-payment is required; the total cost of construction is to be paid back in a period of ten years. The monthly instalment payment is 15 per cent of the occupant's monthly income, to be deducted from his payroll by the Harbor Bureau. The right of ownership of the house remains with the union until full payment is made. Should an occupant fall sick, or when there is no work on the dockside, he might request the union for a moratorium. But when he is well and working again, the amortisation payment must be immediately resumed. These monthly repayments would go back into the fund and would be used to finance additional construction for other dockers. It was hoped that in such a way in five years or so all the dockers in Keelung would be adequately housed. In the initial stage, only 72 dwelling units were built.

The dwelling units were planned in rows of six or eight, each unit with a floor space of 288 square feet divided into one living room, two bedrooms (one on the ground floor next to the living room and the other on a mezzanine) and a sanitary accommodation at the back of the house. The kitchen, with one water-tap, was located on the veranda at the back of the house to avoid the infiltration of smoke into the rooms. There are large glass windows at the front and back of the house and on the mezzanine to give good lighting and ventilation. Steel bars and cement are used to make reinforced concrete columns.

One whole hill belonging to the Harbor Bureau has been used as the building site of the dockers' new village. It is only about ten minutes' walk from the lower pier of Keelung, where the majority of the dockers work. The

Harbor Bureau agreed to let the dockers use the land free of charge and to pay the land tax to the city government until the new houses are fully amortised.

The ground-breaking ceremony was held on August 25, 1953. But at the beginning there was apathy and misunderstanding on the part of the dockers. That led the union housing committee to adopt the following rules to enforce self-help: (1) the dockers were allowed to do self-help on their own houses only; (2) those who did not contribute up to 160 man-hours of voluntary labor were not allowed to occupy the new houses when they were completed; (3) dockers' family members between 15 and 55 years of age were allowed to substitute for dockers in contributing self-help labor; (4) a docker contributing more than 160 man-hours of voluntary labor would be paid a wage of about NT$2 an hour for the excess time worked. After these rules were adopted and made known to the dockers in mid-October 1953, the inertia of the dockers in the self-help scheme was soon overcome.

Actually the part of construction work that the dockers could do was rather limited, limited to work that needed little or no skill. The main construction work was undertaken by a contractor engaged and chosen by bidding conducted by responsible personnel of the Harbor Bureau and the dockers' union.

Despite incessant rain between October and April the 72 units were all completed by May 1954. On Labor Day the opening ceremony was celebrated on the Keelung hillside.

The second stage of the housing project started soon afterwards. Owing to the limited space on the hillside, only 30 new units have been added. As the funds available are sufficient to construct about 100 units, the dockers are still busy looking for suitable land for the construction of the other 70 units.

Plans for the self-help construction of a sanatorium for workers and a school for dockers' children have also been drawn up. But it needs more funds and suitable land to put them through.

The Kaohsiung Dockers' Housing Project

The dockers in Kaohsiung need better housing as urgently as the Keelung dockers. Typhoon Bess, which visited Kaohsiung in November 1952, destroyed over 60 per cent of the shacks of the dockers. As soon as the Keelung pilot plan was under way, negotiations began between officials of the Kaohsiung Dockers' Union and of the F.O.A. (Foreign Operations Administration) for the commencement of a housing project on the Keelung pattern.

The Kaohsiung plan, however, was not so successful as that of the Keelung dockers. The reasons were that the labor union was not so well organized as that of Keelung and that the Kaohsiung Harbor Bureau was not so enthusiastic about the dockers' housing project as the Keelung Harbor Bureau.

The ground-breaking ceremony was held in December 1953 but actual construction work did not begin until October 1954. Municipal land near the wharves, sufficient to construct 54 dwelling units, was donated by the city government. The housing design was about the same as the Keelung project, with the same floor space per dwelling unit. It has nine rows of houses neatly separated into three lines of three houses each, and each house contains six dwelling units. Between the rows of houses in the open-air courtyard are six washing-stands, each with six water taps. This is different from the Keelung plan, where each dwelling unit has its own water tap.

The 54 dwelling units have now been completed and another 96 dwelling units are under construction, city government has donated about 10 acres of public land to the dockers' union in a suburban area about two miles from the wharves.

Housing Project for Coalminers and Saltworkers

Inspired by the success of the two dockers' housing schemes, the Ministry of Interior and the F.O.A./C.U.S.A. decided in 1954 to extend the self-help housing project to coalminers and saltworkers. In the summer of 1954 a counterpart grant agreement was signed by the Ministry and the F.O.A./C.U.S.A. for making available NT$1 million for financing the scheme. Together with an equivalent amount of matching funds from the coalminers' and saltworkers' welfare funds, the money was sufficient to erect 200 units, the cost of each unit being not to exceed NT$10,000. The saltworkers would get 20 dwelling units and coalminers 160.

There were about 6,000 saltworkers in 1954, of whom only 15 per cent were living in houses provided by the Taiwan Salt Works, and 59.3 per cent of the households occupied from one to two rooms each. The new scheme required the participating saltworkers to contribute voluntary labor in their home construction of 160 man-hours per person. The saltworkers' union were responsible for organizing them in the self-help project. However, most of the actual erection of the houses was done by a commercial contractor engaged by the saltworkers' union and supervised by engineers of the Taiwan Salt Works.

The 100 coal mines in Taiwan are spread out; therefore it was not desirable that all the 160 dwelling units be built in one spot. It was decided that only those mines having sufficient deposits for over 20 years of operation were qualified to participate in the housing scheme, with due consideration given to the housing needs of the miners and fair geographical distribution. The result was that ten coal-producing areas within about a 50-mile radius of Taipei were chosen, and each area was allocated with 8 to 24 dwelling units according to the number of applicants.

The responsible agency in each coal-mining area is the housing committee formed by the coalminers' union and the management. This committee assumes responsibility for organizing participating coalminers for self-help work, employs an outside contractor to build the houses and exercises general supervision. Within the Ministry of Interior there is a Saltworkers and Miners Housing Committee to take charge of the over-all project. The housing design used for all areas is similar to that adopted by the dockers.

One major departure of the coalminers' house-project from the dockers' scheme was the extension of the principle of self-help to the making of soil/cement blocks by the participants. In order to train the workers in the use of the blockmaker, the Ministry of Interior and the F.O.A./C.U.S.A. jointly set up a demonstration unit equipped with a hand-operated block-making machine, housing posters, pictures and wooden housing models, and sent representatives to different mining centres to attract the attention and interest of the miners in the housing project. The soil/cement blockmaker, which is becoming increasingly popular in Taiwan, promises to revolutionize self-help, low-cost housing for workers and farmers.

All the 200 dwelling units were completed in June 1955.

Workers' Housing Under the National Housing Program

In August 1954 the Government set up a working group to draft national housing programs. It also drafted and implemented civil servants' low-cost housing projects.

In June 1955 it became a permanent organization known as the National Housing Commission and was directly under the control of the Executive Yuan. All housing projects, including the workers' self-help housing schemes, are now undertaken by this National Housing Commission.

The programs drawn up by this body and adopted by the Government called for an expenditure of NT$100 million in 1955. The funds were to be provided by the Government from the United States aid counterpart funds and matched by the individual borrowers.

There were two self-help housing schemes adopted by this National Housing Commission, namely, The Multi-Category Workers' Housing Project and The Tachen Evacuees' Housing Project.

(1) The Multi-Category Workers Housing Project—This project differs from the Keelung dockers' pilot plan in the following ways: (a) workers pay an interest rate of 0.8 per cent per month for the housing loan, whereas the Keelung plan is non-interest-bearing; (b) workers must amortise the loan within five years instead of ten years as in the case of Keelung dockers; (c) workers or their families who perform 80 per cent of the total labor of house construction by self-help will be eligible for a waiver of interest payment on their housing mortgage.

The fund allotted for this project was NT$12 million. Its distribution was as follows: (NT$1,000).

Fishermen	2,000
Coalminers	2,000
Workers in national industries	1,600
Craft union members	1,600
Railroad workers	1,400
Workers in private industries	1,000
Workers in provincial industries	800
Highway workers	600
Saltworkers	600
Seamen	400
Total	12,000

As soon as the workers' housing project was officially made known, more than 30 000 workers applied. Although only 1,200 of them drew the lucky numbers (by lot) for 1955, the others will still have a chance to draw in subsequent years.

Generally speaking, three different methods of operation have been adopted in carrying out the multifarious workers' housing projects. First, for factory and transport workers, the method already used by dockers, miners and saltworkers is adopted, with slight variations to suit the specific needs of the factory and transport workers. The task of the labor union is to organize the workers for self-help labor, sign house-purchase contracts with occupants, collect amortisation funds from them and assume responsibility for ensuring the general success of the projects. The employers will give technical assistance, donate or help to find building land, sometimes advance the building funds or construction materials required, and check off the monthly amortisation from the worker's payroll.

The second type of method is used for self-employed workers, such as pedicab-drivers, barbers and tailors: these craft workers are encouraged to form housing co-operatives to take charge of the projects. The co-operatives will raise funds among the members to match the equivalent amount of counterpart loan from the National Housing Commission.

The third type of method is used for lowest-paid workers such as fishermen, which requires workers to perform a 100 per cent self-help construction work. The National Housing Commission will supply all the building materials needed and will give technical assistance.

(2) The Tachen Evacuees' Housing Project—In the spring of 1955 the civilian population, numbering about 20,000, of the outlying islands of the Tachens and the Nanchi groups were evacuated to Taiwan. Immediately the National Housing Commission initiated a housing scheme for these evacuees. A loan of NT$30 million was obtained from the F.O.A./C.U.S.A. counterpart fund for the construction of community facilities and houses for 5,107 families.

These evacuees are mostly fishermen, with a few farmers and small shopkeepers. Some are experienced carpenters and masons, and these form the nucleus of the self-help house-builders. After being trained for a month or so, they returned to the resettlement areas to start building their own houses and training new self-helpers.

The choice of the resettlement areas was difficult. It was necessary to build the new houses in places where the evacuees could earn their living. Finally five eastern counties were chosen for the resettlement areas. The average cost per family for resettlement, including the erection of a house, was estimated at NT$5,500.

Each evacuee family will receive NT$400 after the completion of the housing scheme as payment for its labour contribution. A financial subsidy of up to NT$3,000 per family will be granted to help the evacuees to become self-supporting. Six months after the completion of the housing project they will have to start making monthly instalment payments to amortise the NT$5,100 housing loan per family.

Housing Demonstration and Research

Self-help housing project is new not only in Taiwan; it is new also in other parts of the world. As it is a new system and a new idea, housing research, demonstration and publicity work are of primary importance.

In this connection the National Housing Commission has done some useful work. Many different low-cost housing designs were prepared by well-known architects in Taiwan and published in book form. The Commission has bought some of the copyrights of the best designs. It has prepared a housing poster showing how workers could build their own houses cheaply. More than 50,000 copies of this poster have been distributed to workers.

The National Housing Commission also held an exhibition in Taipei for one week in November 1954. Over 100,000 people went to see the hundreds of wooden housing models, housing designs, building-materials, construction tools, photographs and films. Demonstration houses were built and shown to the public in the summer of 1955. One mobile demonstration unit travelled all over the island.

As low-cost housing requires the use of suitable building materials that can be produced in large quantity locally, the National Housing Commission has been co-operating with the Taiwan College of Engineering to test the durability of adobe blocks and volcanic stones as substitutes for cement. Bagasse boards are being used as roofing tiles, partition boards, and ceilings.

Conclusions

The success of self-help housing scheme for workers depends on the following essential factors: 1. Workers generally want better housing; 2. A financial scheme favorable to workers must be evolved; 3. Locally available building materials must be used; 4. Demonstration and publicity work is of paramount importance to arouse the interest of the people; 5. A sound, responsible, and

ATOMIC ENERGY IN INDIA

By an Indian Correspondent

The ninth year of India's independence has ended with an achievement that may be of revolutionary import for the country's material structure. India's first atomic reactor, the first in Asia, has gone into production, or in more precise language, reached criticality. On the fourth of August, a self-sustained chain reaction set in in a pile of enriched uranium in a pool of water used as a moderator of the fission-effecting neutrons.

This is a development with far-reaching possibilities, the full extent of which may not be immediately apparent. How far and how soon these possibilities will be fulfilled will depend on a variety of factors, some of them primarily connected with the general development of our economic and industrial organization. But the release of nuclear energy through a self-sustained chain reaction in an atomic pile is symbolic of a great beginning, potentially the greatest yet recorded in our effort to harness science for economic prosperity and material well-being.

What is symbolic of a beginning is itself a fulfilment. The operation of the reactor at Trombay is the culmination of intense and planned scientific work for about a year. That the reactor has been built entirely by Indian scientists and technicians is an assurance that our progress in the field need not be fundamentally dependent on others.

The development does much credit to science in India. Nuclear research in this country has attained maturity in a remarkably short period. Until 1945, when the Tata Institute was founded, there was no organized research in atomic science. Although the Atomic Energy Commission was set up in 1948, practical activity connected with the production of atomic energy may be said to have begun as late as 1954 when the Department of Atomic Energy was created.

Inevitably, a good deal of this activity in its initial stages was preliminary and organizational in character. Actual work for the release of nuclear energy started only last year when the Atomic Energy Establishment was set up at Trombay. Within a year a reactor has been built and successfully operated. It is a notable achievement by any standards.

Progress in the next few years may be expected to be rapid. The reactor already in operation will help in training engineers for later projects. A high-power, high-flux reactor, received from Canada under the Colombo Plan, is expected to go into operation in 1958. Initially, of course, such reactors will be used mainly for research, but there are plans to use them in the near future as sources of energy for common use. The Chairman of the Atomic Energy Commission, Dr. Homi J. Bhabha, has said he is certain that India will have her first atomic power station within the next 10 years.

It would, however, be unrealistic to expect an atomic revolution in the near future, nor would it, perhaps, be wise to work for such a revolution. To understand this problem, one should be clear in one's mind about the structure of our fuel needs and resources as well as about the change that atomic energy can bring in that structure in the near future.

The need for augmenting our sources of energy cannot be denied. Our reserves of coal and oil are certainly not sufficient to bring about and maintain the economic development which may reasonably be envisaged as the ultimate goal of our endeavor in that direction. According to some, these resources are not likely to last for more than a 100 years, particularly at the present rate of increase in our population. We consume about 36 million tons of coal in India every year, while our present estimated reserves are 4,000 million. Our oil reserves, at least to the extent they have been exploited, are far from satisfactory.

The role that atomic energy can play in supplementing these sources of power is obvious.

The energy released by uranium or thorium is about two and a half million times the energy produced by the burning of the same amount of coal. Our entire annual requirements of coal can be replaced by 15 tons of uranium. The uranium-bearing rare earths, found in Travancore-Cochin and elsewhere, may be an almost inexhaustible source of energy; it is estimated that India's deposits of thorium amount to at least a million tons.

It would, therefore, be natural to ask why we are not using this new source of power to the fullest possible extent and thereby bringing about the greatest single revolution in our economic advancement. The answer is quite simple. The main problem arises from the capital and running costs that would be involved in generating power from the new source.

In any circumstance at present, the cost of atomic power will be greater than that of coal or oil-generated power: it will be considerably more so in India, because of our lack of sufficient scientific, engineering and industrial organization.

It is of course certain that with further research and technological advance, the cost of atomic power will come down considerably. But until that stage is reached, it would be quite unrealistic to embark upon any large-scale production of atomic power for common consumption, even if it were scientifically and organizationally possible to do so.

Besides, power is not a direct source of prosperity: it is an instrument for producing those things that give prosperity. Thus the need for power will increase with the expansion of the machinery of producing the things of primary use. In other words, the need for power will arise only with a substantial development of our general economic and industrial organization.

At the same time, it is certain that the steady expansion of industry that has been going on in India will make

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energetic labour union is necessary; 6. Active collaboration of the employer is essential; 7. Government leadership is required; 8. Close co-operation between unions, employers and the Government is also essential.

It should be noted that a self-help housing project is significant not only for the living standards of workers but also for the promotion of economic development in general. Economic activities are inter-related; one economic activity is bound to lead to another. Such a project will mean the development of material resources as yet untapped or not yet fully utilized, such as clay, sand, pebbles, bamboo, volcanic rocks, bagasse, etc. It provides a most effective way in which an ordinary worker can profitably use his leisure. It cultivates among the workers the spirit of independence, self-help, and mutual help. Above all, it encourages workers to increase their savings.

INDONESIA'S MINING AND INDUSTRY

MINING

As from June 1955 holders of concessions dating from before 1942, were under obligation to re-register at Djawatan Pertambangan (Mining Service). Default of registration would be followed by lapse of concession rights, while the concession would also become invalid if within one year after re-registration no exploration or exploitation had commenced. The revision of the Mining Law could not yet be submitted to Parliament.

Oil: Foreign companies commenced in 1955 with new investments to which they were bound on the strength of the agreements concluded in 1954. Stanvac built a new reformer stabiliser at Palembang and a small bulk plant in Jogjakarta. It is expected that the 90 kilometres pipeline for the discharging of the Lirikfields will be ready in 1958. As a part of its program to increase the export of Indonesian crude, Caltex expanded its transportation facilities by the construction of two new tankers for Siak River service and by additional investment in pipeline and terminal facilities. Caltex crude exports were up nearly 50% over 1954. A geophysical survey of the contract area was started in the fourth quarter.

During 1954 and 1955 the Government invested an amount of Rp 10 million in the former B.P.M. concessions in North Sumatra, whereby production was raised. The pre-war level however could by no means be approximated yet. Whereas this enterprise in the first instance is producing crude oil for exports and no decision has been reached regarding the juridical status, there can be no normal sales and thus the capital invested cannot yield profits either. At the end of 1955, in connection with the appointment of a superintendent, new disputes flared up regarding the management, which in February 1956 led to the dismissal of the Government supervisor. Enquiries are being conducted into the financial management of these oilfields.

Total crude oil production in Indonesia was 10% higher in 1955 than in the preceding year. Although after the war production in Indonesia advanced year by year, oil developments in the rest of the world, particularly in the Middle East, have surpassed this increase. Consequently Indonesia has fallen from her previous position in the world list of fifth place in 1938 to tenth place in 1955.

Imports of crude oil and oil products increased by 23% as compared with the previous year, at the same time exports were higher by 31%. At present, production of solar/diesel oil and residue fuel amounts to 22% to 33% respectively of total refinery.

Gasoline consumption was unfavourably affected by the decline in road traffic. After a steady increase over the period 1950-1954 a fall was noted in 1955 because of reduced road traffic, resulting from serious shortages of motor tyres and motor spare parts. Overall consumption in 1955 was 1% higher than in the preceding year.

Labour unrest in the oil industry signifying itself by strikes and go slow-actions brought about stagnation in the distribution of kerosene and created speculative tendencies, causing consumption to fall. There was an improvement in the second half year, brought about mainly by larger supplies to the local market following a request of the Government; the undesirable price rise could thus be reversed. Year consumption of kerosene in 1955 was 21% above the 1954 level. There is every sign that domestic production has reached its peak, with the eventual probability that exports will have to be stopped, so that kerosene may even have to be imported to satisfy the ever growing domestic demand. Kerosene is still the cheapest fuel as compared with other products, hence the constant increase in demand.

Tin: After a rather significant increase in 1954 the production of tin in concentrates fell back again by 7% during 1955, thus lagging somewhat behind the 1953 output. Exports of tin in concentrates dropped by 6% owing to reduced demand from Europe. Exports to the Netherlands fell from 37,386 tons in 1954 to 34,762 tons in 1955. By the continuation of the American smelter in Texas, exports to U.S.A. could be maintained on about the same level (10,623 tons in 1955, as against 10,867 tons in 1954). Exports of tin metal were again on the low side, incidentally small quantities were bought by Japanese companies for the purpose of facilitating exports from Japan to Indonesia.

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progressively greater demands on our sources of energy. As present indications show, further exploration of coal and oil deposits may yield substantial results, and the main effort will naturally be in that direction.

But there is need to conserve our coal resources for a variety of reasons: the metallurgical uses of coal cannot be performed by other forms of energy. The need for conserving metallurgical coal will grow, and we must look for new sources of power. A planned program for the development of atomic power in India is, therefore, a practical necessity.

The energy released by an atomic reactor has another important use which is of immediate consequence for us. The radioactive isotopes produced by a reactor are of great value in biological, medical and industrial research. These are used as tracer elements in a variety of chemical and organic changes. The reactor in Trombay will fulfil an important function by producing these isotopes which have hitherto had to be imported from abroad.

The development of these peaceful uses of atomic energy demand an elaborate scientific and technical organization. The basic need is self-sufficiency in the requisite materials and in processing techniques. Substantial deposits of monazite, containing uranium and thorium, have been found in Travancore-Cochin; some radioactive minerals have been located also in Rajasthan, Bihar and Andhra. The processing plant at Alwaye is expected to double its processing capacity during the second Five Year Plan period. The residual thorium-uranium cake extracted at Alwaye is processed at a plant at Trombay.

Several other projects have been planned for execution in the next few years. The most important of these will be a plant, to be set up at Trombay, which will process the uranium already being extracted to a degree of purity necessary for its use in a reactor. There is also a scheme for setting up a plant for producing sufficiently pure graphite for use as a moderator in an atomic pipe. Heavy water is to be produced at one of the new fertilizer factories at Nangal, and there is a plan for establishing a pilot plant for extracting uranium ore from the tailings of the Indian Copper Corporation Factory.

The achievement at Trombay augurs well for the successful completion of this coordinated program. It is to be hoped that progress will not be impeded by lack of funds or misdirected by lack of realism.

Other Mining Products: Coal production in 1955 declined once more and fell 10% below the preceding year's level. Exports dropped by no less than 51%. As regards the modernisation of the Bukit Asam mines, agreement was reached on the importation of machinery from West Germany under German credits. An amount of Rp 18 million was allocated for investments in 1956, in the hope that production will increase from 200 tons to 500 tons daily. It is expected that in this way the exploitation of the mines, which at present are working at a loss, will show some profit in the future.

Production of bauxite which suffered a serious setback after 1951 because of Surinam competition, improved a little during the last few years thanks to slightly increased demand from the Netherlands and Japan. Although output was higher by 59% than in the preceding year, this does not represent one half of the year-production 1951. Exports were up by 6% as compared with 1954.

Following a decline in the preceding year, Indonesian manganese drew again the interest of European buyers. Production rose from 11,418 tons in 1954 to 28,185 tons in 1955, exports increased from 11,437 tons to 36,200 tons.

Production of iodine came to a halt during the last quarter of 1955 through a break-down in machinery. Consequently, the year-output amounting to 7649 kg was 29% lower than in 1954.

Output of salt experienced the damaging influence of heavy rainfall. Production amounted to 50,000 tons, i.e. 15% of the normal output. To be able to satisfy home demand the Government has imported 100,000 tons from Thailand, while also purchases were made in Egypt. The salt from Egypt however roused complaints as it was of inferior quality. Transport difficulties affecting the distribution and threatening scarcity gave rise to speculative practices, which brought about a steep price increase.

Plans are under consideration for resuming the exploitation of sulphur deposits on the Dieng-plateau in Central Djawa, which will be undertaken by a national company. Sulphur deposits are estimated at 150,000 tons.

INDUSTRY

Industry had in 1955 and early part of 1956 again to contend with all sorts of difficulties. Supplies of raw material came in spasmodically. Due to the new import measures it was possible for imports of industrial basic materials to increase during the last quarter 1955 to a great extent. The supply of raw materials for industry came into better shape than had been the case for a long time, but on the other hand the new measures brought the element of competition increasingly to the fore as the price level of import goods began to fall. Especially small industries whose products in most cases do not compare well in quality with foreign products (leather goods, metalware, glassware, bicycle tyres), had to vie with great difficulties. Other enterprises also, such as assembling plants, experienced a slackening off in their business.

Again a number of the weaker and less efficiently operated enterprises had no choice but to close down (textiles, ready made clothes, cigars, leather industries). Lowering of cost prices in most cases was not practicable. To give an example, the leather industry was not in a position to profit by the fall in the price of leather because of labour difficulties; the price of finished leather goods increased. Under pressure of the substantial rise in the prices of daily necessities the wage level showed an upward trend in various sectors of production, and especially industry experienced the constant labour unrest to a serious extent. Labour-productivity is low; in the larger enterprises the trend towards mechanisation continues unabated.

In a few cases the Government decided to restrict or even prohibit certain imports to protect local industries. Beside the long known difficulties such as irregular supplies of basic materials—improved since the last quarter of 1955—low productivity, high wages, insufficient power supply, etc., another factor came within sharper perspective: communications worsened. Thereby the chances of achieving a rational spread in industrialisation have been reduced proportionally.

The larger weaving mills succeeded in expanding their production. Yarn consumption was higher by 12% as compared with 1954.

Main Weaving Mills

	Number of mills		Yarn consumption (tons)	Sundry (1000 metres)	Production		
	Total	In operation			Slendang	Sarong ('000 pieces)	Towels
1951	46	42	4,393	22,829	237	2,889	538
1952	72	61	6,056	29,118	113	3,224	1,863
1953	76	67	8,600	42,829	71	3,579	2,779
1954	73	65	9,200	46,145	14	3,925	2,611
1955	72	68	10,318	50,027	10	3,465	2,829

The interest of the population in the cultivation of rami is growing. For the processing of this product factories will be established at various places. Meanwhile the construction of a rami factory at Medan is under way.

The kretek industry was alarmed in the last quarter of 1955 by an increase in excise duty, the detrimental influence of which upon sales was dreaded. On 1st January, 1956 the excise regulation in force prior to 1953 was introduced anew, fixing the excise at 40% of the retail price. The clove position improved. By the available imports the price level became more favourable for manufacturers. Production of tobacco in East Djawa however decreased, amongst other causes as a result of bad weather conditions forcing many small enterprises to close down.

Imports of batteries were stopped because the local factories, working at 20% of their capacity only, were able to comply fully with demand. Production of motorcar tyres increased a little in 1955 but is still far from satisfying the home market. Rubber processing industries were facing the problem of high production cost, in which labour unrest also played a part. Due to various circumstances Goodyear is not in a position to expand its enterprise.

Private enterprise as well as the Government are interested in the expansion of the paper industry. Until now, however, plans have not yet taken a positive form. The paper mill at Letjes (East Djawa) in the past year had difficulties with the importation of raw material from America.

Licensed Capacity of Controlled Industry

Industrial group	Unit	End of 1955		
		Total	Djawa	Other Islands
Printing works	'000 m2 printing/hr	2,854	2,454	400
Rice milling works	h.p.	57,509	41,621	15,888
Spinning mills	spindles	98,966	94,856	4,110
Weaving mills	(hand looms	78,857	74,057	4,800
	(machine looms	12,697	12,424	273
Knitting mills	knitting machines	772	746	26
Textile printing works	machines	18	18	—
Cigarette works	'000 cigarettes/minute	218	189	29
Ice works	tons/month	32,900	20,448	12,452
Frying pan works	tons/month	530	461	69
Rubber remilling works	'000 tons/year	169	2	167
Dock-companies	'000 tons/month	5,655	3,595	1,770

The soda factory at Waru (East Djawa) will be ready during 1956. The gunny bag factory at Surabaya was able

to commence operation. The only plastic factory operating at Semarang was forced to close down because competition with the imported product was impossible. The same fate befell the only national tinned milk factory in Central Djawa. At Waru a national enterprise is undertaking the establishment of a nail factory, which project will involve the sum of Rp 40 million. Machinery for this factory together with an electric power station are imported from West Germany. It is expected that this factory, which will produce about 1,000 tons per month, will start work during 1956.

The licensed capacity of controlled enterprise increased in 1955. Only in the categories ice factories and wharfage and warehouse companies a decline was noted. It has been ordained by Government that no new licences will be issued to wharfage and warehouse companies owned by foreigners, which are thus compelled either to close down or to sell their business to national entrepreneurs.

FOREIGN INVESTMENT IN THAILAND

By Luang Chara

In the past years, Thailand has jogged along very much naturally, with little political and economic consciousness of the struggle for existence. Now that it has to live on parity with the most developed countries of the world, particularly as regards economic advancement, economically the country has been showing an increasing aspiration to develop itself in order that the population may be in a position to support the country's development in various ways, particularly in international politics. On this account Thai leaders have been trying to instil a consciousness in the people, the necessity to improve themselves in all ways, particularly in economic endeavours, and to invite foreign investment. As regards foreign investment, the Government has from time to time made known its invitation. The Economic Commission for Asia and the Far East of the United Nations, and it is believed all embassies, legations and consulates-general or consulates of foreign nations in Thailand are fully aware and can advise all interested in this subject.

Thailand has been traditionally an agricultural country, still depending a great deal on its export of rice, rubber, tin and forest products. Being a tropical country, under the condition of perpetual luxuriant plant growth, it is very much benefited by various forest and agricultural products. As far as forest products are concerned, large tracts of impenetrable tracts await road construction and exploitation. As far as other agricultural products are concerned, large scale plantations can be commercially developed, provided systematic management and research into soil technology, plant diseases and pest controls are carried out along with the development of plantations. It can be said that a twig of many plants are only plugged into the Thai soil, and soon they develop into fruit bearing trees. It is as easy as that. Even mints of various sorts can be grown in Thailand in an organized plantation method, and in a few years many varieties of essential oils can be marketed, and so a good percentage of the world consumption could be covered.

The country has been turning more and more towards industrial undertakings as a phase of economic development. These undertakings are at present concerned with such primary requirements of the country as sugar, textiles, paper, cement. So far only a handful of such undertakings are in existence, and many more undertakings even for products of primary requirement are still needed. So far the lack of capital has constituted quite a handicap in industrial investment. Two or three sources of capital collection have been organized by the Government, namely, savings bank, tobacco monopoly, and lotteries. But these have secured inadequate collection of capital, and it is a pity that commercial banks are not allowed an opportunity to collect savings accounts which, if allowed, would greatly contribute towards government efforts in this direction.

Besides inadequate capital, the insufficiency of technical proficiency has been so glaring that some industrial undertakings have not proved successful in spite of the fact that these produce the articles greatly needed by the people in general. Another handicap to industrial development in Thailand is the shortage of raw materials of various kinds suitable for modern processing, and in particular the shortage of suitable industrial fuel or power. In order to meet the needs for the latter, the Government has been trying to develop the country's scanty supply of water power and its lignite coal deposits. Whether or not these efforts will be successful or able to supply further industrial development, remains to be seen.

As far as unskilled man-power is concerned, provided proper organization and supervision of labour are made, the country, with its 18 million population, can probably support many new industries. In a way it is felt that Thai labour is about one-third efficient. On the other hand many foreign managed concerns find in Thai labour efficiency, reliability and low wage scale. So far labour unions have not yet been strongly organized or affiliated with foreign labour organizations, and it can be said that if proper humane treatment is provided, Thai labour can be made efficient enough, and there will be no serious labour problems for yet a long time to come. This is because the labour wage scale is comparatively very low, and the increasing consciousness of economic struggle for existence exerts quite a strong tendency on Thai nationals in seeking gainful employment by which they can better their states and well-being.

The condition of the country seems to be right for rapid development, commercially and industrially, and the country has been inviting foreign investments all along. Somehow it seems that foreign investors hesitate and tarry. For one thing it must be remembered that investment is a long term project. Although investors are fully conscious of the necessity for control over the conditions of investment, these conditions must be fully known in order that they will inspire confidence, and investors must first of all feel absolutely confident of some reasonable return before they will dare to put in their capital and organize any project. At present the feeling of complete confidence is not present. If and when full confidence can be inspired in investors, particularly foreign investors, it is certain that the development of Thailand will be rapid because the natural conditions of the country will readily support it.

HONGKONG SHIPPING

Ocean and River Steamers over 60 tons net Entering and Clearing the Port in December, 1956

	December				Total (Jan.-Dec.)			
	Entered		Cleared		Entered		Cleared	
	No.	Ton	No.	Ton	No.	Ton	No.	Ton
British	233	387,946	234	381,226	2,614	5,265,008	2,612	5,238,051
American	19	105,813	19	105,813	227	1,270,599	227	1,270,599
Burmese	—	—	—	—	4	11,380	4	11,380
Cambodian	—	—	—	—	8	4,456	8	4,456
Chinese	11	3,543	13	3,963	179	54,568	179	54,651
Danish	16	48,905	16	50,572	214	699,448	214	699,448
Dutch	14	56,948	16	66,950	219	937,020	219	936,030
Finnish	—	—	—	—	3	8,050	3	8,050
French	7	23,479	7	23,479	109	366,866	103	359,867
German	3	13,206	3	13,206	48	221,562	48	221,562
Greek	—	—	—	—	1	6,575	1	6,575
Indian	1	2,749	1	2,749	9	27,305	9	27,305
Indonesian	—	—	—	—	1	4,888	—	—
Italian	—	—	—	—	13	68,047	13	68,047
Japanese	43	111,564	43	111,564	439	1,209,659	439	1,209,659
Korean	5	9,817	6	10,123	33	56,419	37	56,869
Liberian	3	6,368	3	6,368	30	63,682	30	63,682
Norwegian	41	118,803	41	122,781	431	1,205,113	429	1,200,790
Pakistan	—	—	—	—	2	8,975	3	13,281
Panamanian	11	24,559	8	21,010	143	258,855	140	257,757
Philippine	2	4,483	3	4,618	30	66,719	26	63,727
Polish	—	—	1	3,787	4	15,990	4	15,990
Portuguese	—	—	—	—	6	31,021	6	31,021
Ryukyu	—	—	—	—	1	853	1	853
South African	—	—	—	—	1	4,587	1	4,587
Swedish	8	21,694	10	27,815	97	297,424	97	297,424
Thailand	1	1,672	1	1,672	7	11,704	7	11,704
Turkish	—	—	—	—	1	2,291	1	2,291
Vietnamese	1	1,586	1	1,586	8	6,998	8	6,998
Yugoslavian	4	10,992	3	7,255	17	36,220	16	32,483
Total	423	954,127	429	966,537	4,899	12,222,282	4,885	12,175,137

HONGKONG AVIATION

Air Traffic in December, 1956

Points of Call	Departures			Arrivals		
	Passengers	Freight (Kilos)	Mail (Kilos)	Passengers	Freight (Kilos)	Mail (Kilos)
United Kingdom	200	6,585	6,027	186	11,138	10,746
Europe	99	9,971	1,995	106	5,095	1,902
Middle East	209	8,039	2,940	107	3,457	1,026
Calcutta	153	11,176	1,597	225	351	527
Rangoon	189	12,660	680	153	389	344
Bangkok	1,494	31,542	3,569	1,437	11,375	4,166
Cambodia, Laos & Vietnam	567	63,311	293	497	4,633	68
Singapore	632	15,764	8,356	600	4,460	3,417
Philippines	1,752	17,522	2,988	1,716	4,794	1,505
Australia	169	3,599	229	200	1,200	1,335
United States	206	8,692	5,547	73	4,571	4,442
Honolulu	165	2,102	158	45	244	124
Canada	135	1,391	696	49	430	443
Japan	1,976	8,924	19,290	1,744	15,841	5,202
Formosa	588	41,495	2,477	751	2,440	1,758
South Korea	269	8,748	419	264	406	358
Macau	—	4,614	—	—	—	—
Okinawa	110	12,143	87	120	452	28
Total	8,913	268,188	57,348	8,273	71,276	87,391
Direct Transit	861	18,200	—	861	18,200	—

Total Aircraft Departures = 332.
Total Aircraft Arrivals = 331.

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

U.S.$

Feb.	T.T. High	T.T. Low	Notes High	Notes Low
18	$617	616½	614⅞	614⅛
19	616	615½	613¼	613
20	615¾	614¼	613	612½
21	615	614¼	612¾	612⅛
22	616	615¼	614¼	613⅛
23	615½	615	613¾	612⅞

D.D. rates: High 615¼ Low 612¾.

Trading totals: T.T. US$2,330,000; Notes cash US$430,000, forward US$ 2,180,000; D.D. US$410,000. The market was easy on steady cross rates. In the T.T. sector, offers from Japan, Korea and the Philippines were well absorbed by gold and general importers. In the Notes market, demand from speculators and shippers was not keen. Interest for change over favoured sellers and aggregated HK$1.20 per US$1,000, while positions taken averaged US$2 million per day. In the D.D. sector, the market was quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK$: Philippines 1.79—1.765, Japan 0.0149—0.0148, Malaya 1.879, Vietnam 0.0606—0.05988, Laos 0.06, Cambodia 0.078, Indonesia 0.1785, Thailand 0.2832. Sales: Pesos 380,000, Yen 140 million, Malayan $320,000, Piastre 11 million, Kip 4 million, Rial 3 million, Rupiah 5 million, and Baht 3 million.

Agreed Merchant T.T. rates: Selling and buying rates per foreign currency unit in HK$: England 16.202—15.867, Australia 13.016—12.757, New Zealand 16.202—16.10, United States 5.818—5.735, Canada 6.0606—5.9701, India 1.216—1,205, Pakistan 1.218—1.204, Ceylon 1.219—1.207, Burma 1.216—1.205, Malaya 1.8868—1.8692. Selling per foreign currency unit in HK$: South Africa 16.236, Switzerland 1.2378, Belgium 0.11655, West Germany 1.384.

Chinese Exchange: People's Yuan notes quoted HK$1.50—1.45 per Yuan. Taiwan Dollar notes quoted HK$170—160 per thousand, and remittances 153—152.

Bank Notes: Highest and lowest rates per foreign currency unit in HK$: England 16.19—16.17, Scotland and Ireland 14.00, Australia 12.65, New Zealand 14.80—14.70, Egypt 10,00, East Africa 15.40—15.20, West Africa 13.50, South Africa 16.20—16.10, Jamaica 13.50, Fiji 10.00, India 1.19—1.185, Pakistan 0.89—0.88, Ceylon 0.98, Burma 0.54, Malaya 1.845—1.843, Canada 6.38—6.36, Cuba 5.00, Argentine 0.17, Brazil 0.07, Philippines 1.89—1.84, Switzerland 1.40, West Germany 1.38, Italy 0.0091, Belgium 0.11, Sweden 1.00, Norway 0.70, Denmark 0.77, Netherlands 1.48, France 0.015—0.0149, Vietnam 0.0685—0.06775, Laos 0.0595—0.058, Cambodia 0.0795—0.0785, North Borneo 1.60, Indonesia 0.183—0.175, Thailand 0.287—0.284, Macau 0.996—0.995, Japan 0.01535—0.0151.

GOLD MARKET

Feb.	High .945	Low .945	Macau .99
18	$268¼	267¾	278 High
19	267⅞	267¼	
20	267⅜	266⅞	Low 277
21	267⅞	267⅛	
22	268¼	267⅜	
23	267⅞	267⅜	

The opening and closing prices were 268 and 267⅞, and the highest and lowest 268¼ and 266¼. The market was quiet. Interest favoured buyers because of the small stock and aggregated 92 HK cents per 10 taels of .945 fine. Tradings averaged 6,300 taels per day and amounted to 37,800 taels for the week, in which 12,540 taels were cash transactions (7,040 taels listed and 5,500 taels arranged). Imports came from Macau and amounted to 9,000 taels; a shipment of 32,000 fine ounces reached there during the week. Exports totalled 11,000 taels (5,500 taels to Singapore, 4,000 taels to Indonesia, 1,500 taels to India). Differences paid for local and Macau .99 fine were HK$ 13.00 and 12.00 respectively per tael of .945 fine. Cross rates were US$ 37.71—37.70; 48,000 fine ounces were contracted at 37.70 C.I.F. Macau. US double eagle old and new coins quoted HK$281 and 260 respectively per coin. English Sovereigns HK$59 per coin, and Mexican gold coins 286 per coin.

Silver Market: 500 taels of bar silver traded at HK$5.85 per tael and 1,000 dollar coins at HK$3.77 per coin. Twenty-cent coins were quoted HK$2.92 per five coins.

HONGKONG SHARE MARKET

The market was reasonably active last week with interests covering most shares but the total turnover was about $1 million less than that for the previous week. Fluctuations however were small because there was no selling pressure. HK Banks first improved to 1630 but closed at 1615. Union Ins. and Lombards also registered fractional losses. Wharves had 500 shares transacted at 102 and 100 shares at 101 but buyers later offered only 99.50 while sellers insisted on 102. Docks were stimulated by the pending dividend announcement; the company's profit for 1956 was reported to be better than the previous year. Watsons, too, enjoyed very strong demand on account of the increased profit for 1956. Lands continued firm between 64 and 64.50. Hotels, Wheelocks, Telephones, Dairies, Yangtszes and Textiles registered fractional gains while Providents, Trams, Lights, Cements, Amal. Rubbers, Allied Invests and Nanyangs closed at slightly lower levels than the previous week.

Share	Feb. 15	Last Week's Rate Highest	Lowest	Closing	Up & Down	Dividend	Annual Return (%)
HK Bank	1625	1630	1615	1615	—$10	$80	4.95
Union Ins.	947.50	950 s	940	940	—$7.50	$34	3.62
Lombard	37.50	38	37 b	37 b	—50¢	$2	5.41
Wheelock	6.80	6.85	6.75	6.85	+5¢	75¢	10.95
HK Wharf	101	102	101	102 s	+$1	$4	3.92
Dock	46.25 b	47.50 b	46.25	47.50 b	+$1.25	$2	4.21
Provident	13.40	13.40	13.30 b	13.30	—10¢	$1	7.52
Land	64	64.50	64	64	steady	$3.50	5.47
Realty	1.425	1.425	1.40 b	1.425 s	steady	15¢	10.53
Hotel	15.30 s	15.80	15.30	15.70	+40¢	$1	6.37
Tram	23.50	23.50	23.20	23.30 s	—20¢	$1.85	7.94
Star Ferry	144 s	145 s	143	144 s	steady	$9	6.25
Yaumati	106	108	105 b	106 s	steady	$7.50	7.08
Light	23.10	23.20	22.90	22.90	—20¢	$1.10	4.80
Electric	31.25	31.25	31	31.25	steady	$2.70	8.64
Telephone	25.60	25.90	25.70	25.70	+10¢	$1.50	5.84
Cement	38.25	38.25	37.25	37.25	—$1	$2.50	6.71
Dairy Farm ...	15.80	16.20	15.90	16.20	+40¢	$1.63	10.06
Watson	14	14.40	14.10	14.30	+30¢	$1	6.99
Yangtsze	5.90	6	5.90	6	+10¢	70¢	11.67
Allied Inv.	4.85 n	4.85 n	4.80	4.80 n	—5¢	25¢	5.21
HK & FE Inv. .	9.70 b	9.80	9.70 b	9.70 b	steady	75¢	7.73
Amal. Rubber ..	XD 1.50	XD 1.50	XD 1.425	XD 1.425	—7½¢	30¢	20
Textile	4.675 n	4.70	4.65	4.70 s	+2½¢	50¢	10.64
Nanyang	8.40 s	8.45 s	8.25	8.35 s	—5¢	80¢	9.58

Monday: The market ruled steady on the opening day with interest fairly well spread. Prices were generally well maintained and the turnover amounted to $1.08 million. **Tuesday:** In a day of moderate trading some shares edged fractionally lower. The turnover amounted to $1.08 m. **Wednesday:** The market was quiet and prices were fractionally lower. The turnover amounted to $546,000. **Thursday:** Trading was on a moderate scale with prices fluctuating within narrow limits. The turnover amounted to $1.173 m. **Friday:** The market ruled steady on the closing day and price movements were few and small. The turnover amounted to $880,000.

The Secretaries for Yangtsze Finance announced that at the close of business on February 21, 1957, the shares had a statistical value of HK$ 7.94.

DIVIDENDS

The Hongkong Land Investment and Agency Co., Ltd. announced a final dividend for the year 1956 of $1.75 per share on the 1,300,000 issued shares, making $3.50 per share for the year, a total distribution for 1956 of $4,550,000 compared with $3,500,000 in 1955.

The North Point Wharves, Ltd. announced that the profit for the year ended 31st December, 1956, was $596,659 and that a dividend of 50 cents per share would be paid.

The Hongkong Engineering and Construction Co., Ltd. announced a final dividend of 10 cents per share and a bonus of 20 cents per share on 2,000,000 $2 shares.

The Union Waterboat Company, Limited announced a dividend of $1.70 per share on old shares and $0.85 per share on new shares for the year ended December 31, 1956.

HONGKONG AND FAR EASTERN TRADE REPORTS

In the local commodity market last week trading in China produce and paper was active but the volume of business was restricted by short stock of popular items. On the other hand, prices of sugar, structural steels and Pakistan cotton yarn registered slight drops after recent heavy imports while export demand failed to improve.

Trade with China: Imports from China consisted chiefly of foodstuffs and light industrial products; supply of oilseeds and beans remained scanty. In the local market, China traders displayed keen interest in metals but made only restrictive purchases because they were expecting prices to dip further.

Trade with Japan: Cargo movements between Japan and HK were very active; imports of cement, sundries, rayon, cotton and woollen textiles exceeded 2,000 tons while exports totalled 6,500 tons including 4,950 tons iron ore and substantial quantities of scrap iron, rosin and beans. New orders from Tokyo covered chiefly China produce and scrap iron. Dealers here booked more cement, paper and cotton textiles from Japan to meet the strong demand for these items in the local market; however offers from Japan for cement and paper were limited to small quantities and in the case of cotton textiles, Japan Cotton Cloth Exporters' Association last week decided to control the export of velveteen and gingham to HK to prevent their re-export to US.

Trade with UK and Europe: Metal imports from UK and Europe totalled about 3,000 tons last week; more arrivals were expected. Dealers here therefore did not book any more metal from these two sources. Importers here however ordered machinery and scientific instruments from UK and Europe in addition to textiles, chemicals, pharmaceuticals and paper. Exports of China produce and HK manufactures to UK amounted to 3,000 tons and to Europe 2,500 tons; cotton yarn, cloth, gloves, shirts, rubber footwear constituted the major portion of the tonnage. Demand from Europe for China produce and from UK for HK manufactures showed encouraging improvement last week.

Trade with US: 4,000 tons of raw cotton, textiles, blackplate, beans, milk powder, air conditioning units, tobacco, fruits and provisions reached here from US last week. Exports totalled 2,500 tons and consisted chiefly of torch, garments, rattanware, plastic products, graphite, rubber footwear and foodstuffs. Several local firms are reaping handsome profits from exports of shirts and other wearing apparel made here from Japanese textiles to US.

Trade with Indonesia: Djakarta suspended allocations of foreign exchange for imports of (1) printing ink, black, (2) iodine compounds, (3) rubber heels, (4) bicycle tyres, (5) cement for building construction, (6) auto batteries, and (7) asbestos board. Exports from here to Indonesia last week totalled 2,000 tons; principal items were rosin, cement, cotton yarn and cloth, enamelware and aluminumware. In the local market Djakarta continued to procure various HK manufactures as well as Japanese and Chinese products including paper, hairnets, zip fasteners and other sundry items. Imports from Indonesia were mainly rattan and oilseeds.

Trade with Thailand: Imports of rice, beans, cow hide and timber from Thailand totalled 4,500 tons last week. From the local market Bangkok bought more Chinese window glass, towel, paper, herb medicines; HK manufactured knitwear, enamelware, cement; and Japanese paper and sundries. In view of the increased volume of HK-Thailand trade, several shipping companies diverted vessels from other routes to run between HK and Bangkok.

Trade with Taiwan: Demand from Taipei last week was selective covering gypsum, aniseed star, galvanized iron pipe, structural steels, and fine chemicals. Imports of sugar from Taiwan exceeded 1,500 tons. On the other hand supply of Taiwan camphor products, ginger, tea, feather and live hogs was limited in quantity. Taiwan light industries are now offering textiles, electric appliances, bicycles and tyres, caustic soda, bleaching powder, vacuum flask, leather products, newsprint, plywood and canned food to the local market and to SE Asia. Among these, textiles, paper and canned food attracted keen interests in the Bangkok market. According to a Taipei report, HK Chinese last year invested in 66 out of 110 Taiwan industries.

Trade with Korea: More orders reached here from Korea after Seoul granted foreign exchange for imports of paper and other items. Purchases however were handicapped by low buying offers and in the case of paper, by short stocks here.

Trade with Malaya: HK manufactured knitwear and metalware; Chinese window glass, towel, plywood and foodstuffs; as well as Japanese sundry items enjoyed increasing demand from Singapore and other Malayan ports. It was reported that Djakarta had recently bought large quantities of these items from Singapore and Penang. Orders from Malaya also covered Manila rope; authorities there had curtailed these imports from the Philippines because they could get the same commodity from here for sterling.

Trade with the Philippines: More brown sugar reached here from the

Philippines. Mangoes also appeared in the local market. Manila also extended the validity of old barter licences to stimulate HK-Philippines trade. Exports to the Philippines failed to improve because import restrictions there remained very strict.

Trade with Cambodia, Laos and Vietnam: Cambodia sent here about 1,000 tons of sesame, maize, rice bran, rice, bean, cow hide and groundnut oil and in return bought from the local market substantial quantities of window glass, metals, paper, sugar, rayon and cotton textiles, and enamelware. Direct trade between HK and Laos also improved; many consignments were sent there by air-freight. From Saigon, HK bought 2,000 tons of rice; shipments will begin next month. Dealers here were expecting more orders from South Vietnam because Saigon last week earmarked US$40 m for imports of textiles, foodstuffs, industrial supplies, equipment, etc.

Trade with Burma: Burma shipped here 2,000 tons of beans out of which 1,400 tons were for transhipment to Japan. Old newspaper constituted the major portion of exports to Burma. Orders reached here from Rangoon last week covered also cellophane and glassine; quantities involved however were small.

Trade with Ceylon: During the past three weeks Colombo bought only dried chilli from the local market. Exports of beans, enamelware and textiles from here to Ceylon were covered by previous orders. Colombo curtailed purchases from the local market because Ceylon would have to import large quantities of Chinese staples and industrial products direct from China—Peking had accumulated a debt of 80 million rupees at the end of last month in her rice-for-rubber trade with Ceylon.

Trade with Australia: 1,000 tons of dairy products, fruits, frozen meat, wheat flour, wheat, cow hide and wooltops reached here last week. There were no orders for cloth, paints, dyes, chemicals, pipes and tubes, etc. in spite of the eased control on these imports over there.

Trade with New Zealand: New Zealand trade commissioner in Singapore, Mr. R. G. Hampton, came here last week to promote trade between New Zealand and Hongkong. Apart from NZ's interest in HK as an entrepot, she is also interested in local manufactured goods. In return, NZ also wishes to sell more frozen meat and dairy products to the local market.

Trade with Middle East: 400 tons of enamelware, cotton textiles, hurricane lanterns and other metalware were shipped to Persian Gulf Ports last week. Egypt bought Ceylon tea, Australian wooltops and Canadian wheat from Japan; no purchase was made from the local market.

China Produce: The market was active with strong demand from Japan for beans and oilseeds, from Europe for bamboo cane, egg products, groundnut kernel and aniseed star and from Canada for woodoil, walnut meat, green peas and oilseeds. Aniseed star was very buoyant because stock was short while orders came not only from Europe and Japan but also from Singapore and Taiwan. Cassia lignea retained demand from India; stock situation did not improve. Groundnut kernel was also stimulated by strong local demand and marked-up Chinese indents. Woodoil of Chinese origin was booked by dealers here at $2,900 per long ton cif HK March forward to meet the demand from Canada and local paint manufacturers; no supply came from North Vietnam. Red bean of Tientsin origin continued to advance because return cargo from Singapore increased in cost while no supply was available from China. Soya bean on the other hand eased under heavy arrivals from US and SE Asia. String bean was also stimulated by increased cost of Thai and Burmese products. Other popular items included camphor tablets favoured by Australia, garlic and seagrass by Singapore, gypsum by Cambodia, Taiwan and Thailand, and dried chilli by Ceylon.

Metals: Large quantities of round bars, plates and other items continued to reach here from UK and Europe; more would arrive during the next two weeks. Quotations here for some items were lower than new indents. Trading was slow because China and SE Asia were expecting prices to go further down. Selling pressure was not very strong especially after European indents had further advanced. Structural steels attracted enquiries from Thailand, Indonesia and Taiwan in addition to heavy purchases by local contractors. Galvanized iron pipe was favoured by Taiwan, Thailand, Okinawa and China but prices failed to improve in spite of marked-up European indents —1,500 tons would arrive in early April. Demand from Thailand and Indonesia also covered iron wire rod, iron wire nail, galvanized iron wire, mild steel plate. China was also interested in G.I. sheets, steel plate and black plate but buying offers were too low to interest local dealers. Japan returned to the local market for scrap iron after US had temporarily suspended exports of this item; prices here were very firm. Japan had intended to import 2½ million tons of scrap iron from US.

Paper: Korea made heavy booking in European products, particularly in woodfree printing. The local paper market was very active last week because SE Asia, too, increased purchases from here. Newsprint in reels of Japanese origin was sold to Cambodia while Chinese products in reams were favoured by Thailand and local printing industry. Demand from Thailand was so strong that Peking agents here sent representatives to Bangkok to offer this item to 5 Chinese-language newspapers there at HK$90 per ton with 3 months credit. Woodfree printing of European origin was absorbed by Korea while Chinese and Japanese products retained strong demand from Indonesia and Cambodia. Cellophane was sold out under strong demand from Indonesia, Cambodia, Thailand, Burma and local industries. Orders from Korea also covered aluminum foil and duplex board while SE Asia was also interested in poster, packing paper, tissue, mani-

fold, glassine and cigarette paper. To replenish short stocks, dealers here ordered manifold, straw board, poster and newsprint from China but quantities involved were small because the supply situation remained tight.

Industrial Chemicals: The market was quiet with restrictive demand from Korea for sodium bicarbonate, sodium nitrate, cresylic acid, tanning extract and caustic soda; from Cambodia for sodium bicarbonate and chrome alum and from Indonesia for zinc chloride. Prices were firm because stocks were short.

Pharmaceuticals: The market registered demand from Korea, Taiwan and SE Asia for a selective number of items including penicillin preparations, dihydrostreptomycin, isoniazide tablets, sulfonamides, saccharine crystal, aspirin, phenacetin, PAS, santonin crystal and vitamin powders. Penicillin tablets and oil injections, isoniazide, sulfathiazole and caffeine alkaloid were also stimulated by speculative purchases because stocks were dwindling and in the case of penicillin tablets dealers here were having difficulty in booking new supplies from Europe and UK.

Cotton Yarn: HK yarn of various brands and counts were quiet in the local market; prices were firm because spot goods were difficult to get. Pakistan products however declined further under heavy arrivals. Japanese yarn was quiet.

Cotton Piece Goods: The market was also quiet. Prices for HK and Chinese products were firm because there was no selling pressure. Japanese white shirting attracted enquiries from Indonesia but no transactions were concluded last week.

Rice: Thai products eased slightly under heavy arrivals. Chinese rice retained strong local demand. HK New Territories crops were marked up because farmers wanted higher prices. On the whole however prices were sluggish because in addition to abundant supply from Thailand, dealers here also bought rice from South Vietnam, Burma and other sources. Imports last month totalled 30,526 tons (25,628 tons from Thailand, 3,459 tons from China, 789 tons from Burma, 350 tons from North Vietnam, 300 tons from Cambodia).

Wheat Flour: US brands dipped under heavy stock; 50-lb bags down to $14.90/$16 per bag. Australian brands, too, declined to $12.60/$13.30 per 50-lb bag. Canadian brands however were kept steady at $18.30/$19.30 per 50-lb bag by marked-up indents. Local products were firm; 50-lb bags at $12.30/$17.50 per bag.

Sugar: Heavy supply from Taiwan depressed the local market especially when export demand eased. 4,000 tons of brown sugar were also expected from the Philippines. Taikoo products however were kept firm by strong local demand and orders from Singapore.

Cement: Indents for Japanese cement advanced to $124 per ton cif HK; imports during the week were not substantial. Chinese cement was short in stock; North Borneo ordered some forwards at $112.50 per ton fob HK. Green Island products remained firm on steady demand from local contractors and orders from Singapore and Thailand.

Towel: Singapore and Thailand ordered from the local market several consignments of Chinese towel at about HK$4.30/$6.30 per dozen fob HK.

Gunny Bags: Dealers here booked more supply from India to meet the demand from Cambodia and North Vietnam for new bags and from Thailand for used ones.

Fresh Eggs: Supply from China improved; as a result retail prices came down to $1 for 5 to 6 pcs of hen eggs or 7 to 8 pcs of duck eggs. Japanese hen eggs, large, remained at $1 for 4.

Window Glass: Local firms curtailed imports from East Europe and increased indents from China because orders from East Africa, North Vietnam and Thailand were mostly for Chinese products while local demand favoured Japanese sheets.

HONGKONG'S TRADE FOR JANUARY, 1957

Trade figures for January showed an encouraging beginning for 1957; the total value of imports and exports increased by $146.4 million or 23 per cent compared with that for the corresponding month in 1956. Imports totalling $477.9 m (the highest monthly total since March, 1951) exceeded that for the corresponding month in 1956 by $92.3 m or 24 per cent. Exports totalled $305.3 m representing an increase of $54.1 m or 21.5 per cent over January 1956.

Comparing trade figures for January 1957 with those for January 1956, the Director of Commerce and Trade pointed out following important changes: Exports to most countries increased in value notably Japan up by $21.6 m. Large increases were also recorded in exports to various African territories, Burma, Indonesia, Malaya, China, UK and US. However, exports to South Korea dropped by $8.9 m and to Thailand by $7.7 m lower. Imports from China rose by 34.4 per cent to $126 m, a record monthly total since the war. Marked increases were also recorded in imports from US, Thailand and UK, up by 88.6 per cent, 62 per cent and 37.4 per cent respectively; but imports from Malaya dropped by $10.9 m. Imports from UK and Europe, which dropped to $78.7 m in December 1956, increased to $121.2 m in January. The increase was due mainly to the arrival of shipments which were delayed as a result of the closure of the Suez Canal.

Export of Hongkong Products: The value of Hongkong products exported in January was $75.4 m, or 24.7 per cent of HK's total exports. Compared with January 1956, there was an increase of $9 m or 13.6 per cent. UK with purchases totalling $15.2 m, headed the list of buyers. Indonesia, which was the best customer in January 1956, dropped to second place, with Malaya the third. Cambodia, Laos and Vietnam reduced purchases by $1.4 m compared with the corresponding month last year, but exports to the Philippines were greater by over $2 m. Principal items were cotton piecegoods, cotton yarn, footwear, enamelware, shirts, cotton singlets and electric torches.

Certificates of Origin: Certificates of origin of all kinds and Imperial Preference certificates issued during the month reached a total of 17,821 and covered goods to the declared value of HK$63,835,610. On January 18, 1957, the Central African Federation of the Rhodesias and Nyasaland announced new Imperial Preference regulations requiring a single country content of 25 per cent for most goods and 30 per cent for certain specified items including piecegoods. Agreement was reached with US authorities for the addition of model junks and lampstands to the Wooden Novelties procedure for issue of comprehensive certificates of origin.

IMPORTS, BY COUNTRIES

Country	January 1957 HK$	January 1956 HK$
Merchandise		
Africa, Central (British)	22,808	61,871
Africa, East (British)	4,732,415	4,500,520
Africa, South	2,103,401	1,342,118
Africa, West (British)	—	—
African Countries, Other	149,342	411,555
America, Central	6,170	41,236
America, South (excluding Argentina and Brazil)	527,992	8,245
Argentina	361,584	119,768
Asian Countries, Central	—	—
Australia	10,202,712	11,528,800
Austria	1,774,272	3,646,411
Belgium	11,328,605	7,785,616
Borneo, North	3,574,198	3,190,478
Brazil	2,234,770	3,042,019
British Commonwealth, Other	106,258	30,050
Burma	1,870,182	2,953,894
Cambodia, Laos & Vietnam	7,775,782	6,363,606
Canada	6,037,516	5,144,882
Ceylon	501,811	74,395
China	126,009,694	93,783,231
Denmark	530,509	550,005
Egypt	—	380,833
Europe, Eastern	1,299,729	1,663,641
European Countries, Other	300,767	363,608
Finland	493,965	212,811
Formosa	11,972,196	4,783,042
France	2,531,122	1,892,160
Germany (Western)	11,902,819	11,172,732
India	6,982,696	6,646,609
Indonesia	9,450,410	4,752,152
Italy	5,776,499	3,003,008
Japan	60,632,207	59,762,005
Korea, South	1,065,264	206,498
Macau	3,889,961	3,705,783
Malaya	6,042,419	16,933,575
Middle and Near East	5,449,605	4,638,125
Netherlands	6,884,203	6,046,740
New Zealand	790,535	1,638
Norway	1,132,160	596,633
Oceania, British	35,115	5,010,000
Oceania, United States	371	956
Oceania, n.e.s.	—	16,139
Pakistan	14,351,621	12,048,439
Philippines	3,754,363	1,925,309
Sweden	1,563,177	2,123,927
Switzerland	15,343,770	11,125,464
Thailand	25,840,437	15,953,807
United Kingdom	60,328,469	43,909,067
U.S.A.	40,200,595	21,320,752
U.S.S.R.	—	758,644
West Indies, British	8,344	751
Total Merchandise	477,872,840	385,533,548
Total gold and specie	21,778,290	41,301,063
Grand Total	499,651,130	426,834,611

EXPORTS, BY COUNTRIES

Country	January 1957 HK$	January 1956 HK$
Merchandise		
Africa, Central (British)	1,475,705	1,391,612
Africa, East (British)	3,579,287	2,131,758
Africa, South	3,823,971	2,612,296
Africa, West (British)	4,205,679	4,918,510
African Countries, Other	6,960,215	3,606,700
America, Central	3,226,892	1,986,599
America, South (excluding Argentina and Brazil)	1,861,597	1,120,717
Argentina	59,482	—
Asian Countries, Central	63,973	174,616
Australia	4,352,928	5,035,440
Austria	—	6,016
Belgium	1,459,230	1,359,002
Borneo, North	4,063,366	3,478,763
Brazil	14,631	—
British Commonwealth, Other	1,720,233	1,874,063
Burma	4,649,392	699,068
Cambodia, Laos & Vietnam	12,199,438	17,220,995
Canada	3,696,987	3,060,128
Ceylon	1,310,214	1,121,289
China	13,945,985	7,321,398
Denmark	472,051	467,843
Egypt	3,255	259,728
European Countries, Other	104,801	77,469
Finland	61,830	—
Formosa	4,374,640	3,453,013
France	1,013,196	2,129,303
Germany (Western)	3,008,658	5,837,840
India	1,597,289	1,410,432
Indonesia	47,864,323	33,729,296
Italy	1,169,120	555,961
Japan	37,973,033	16,389,560
Korea, South	5,863,338	14,810,303
Macau	5,969,767	4,256,563
Malaya	42,688,645	35,049,156
Middle and Near East	2,590,201	2,133,265
Netherlands	2,232,326	2,152,513
New Zealand	957,807	229,619
Norway	531,186	280,570
Oceania, British	606,246	331,363
Oceania, United States	2,521,985	2,592,317
Oceania, n.e.s.	675,972	563,534
Pakistan	189,273	341,268
Philippines	5,090,697	3,107,038
Sweden	740,809	459,890
Switzerland	194,989	652,264
Thailand	19,334,412	27,002,018
Turkey	—	3,367
United Kingdom	30,160,035	24,112,518
U.S.A.	13,494,388	8,511,671
West Indies, British	1,134,551	1,214,564
Total Merchandise	305,288,028	251,233,216
Total gold and specie	25,603,688	48,392,312
Grand Total	330,891,716	299,625,528

IMPORTS, BY DIVISIONS

Division	January 1957 HK$	January 1956 HK$
Live animals	13,666,190	18,749,601
Meat and meat preparations	11,848,509	5,734,641
Dairy products	6,173,898	6,525,679
Fish and fish preparations	8,199,467	8,152,359
Cereals	31,492,325	27,143,218
Fruits and vegetables	29,018,612	16,091,064
Sugar and sugar preparations	13,826,453	16,333,970
Coffee, tea, cocoa and spices	6,278,995	3,155,227
Feeding stuffs for animals	1,184,582	679,409
Miscellaneous food preparations	2,273,812	3,062,628
Beverages	2,883,855	2,165,111
Tobacco and tobacco manufactures	4,298,797	6,403,819
Hides, skins, furs (undressed)	1,542,439	645,601
Oil seeds and nuts	6,881,837	3,984,044
Crude rubber, including synthetic	1,510,781	2,001,537
Wood, lumber and cork	7,173,845	5,940,594
Pulp and waste paper	513,554	175,426
Textile fibres and waste	37,492,040	22,773,286
Crude fertilizers and minerals	637,208	819,093
Ores and metal scrap	1,737,987	570,943
Animal and vegetable crude materials	21,597,064	13,403,298
Mineral fuels	17,075,592	19,362,478
Animal and vegetable oils	5,921,468	9,074,551
Chemical elements and compounds	3,898,727	3,518,460
Mineral tar and crude chemicals	—	25,431
Dyeing, tanning and colouring materials	4,445,742	3,640,925
Medicinal and pharmaceutical products	4,935,994	2,663,833
Perfumes and cleansing preparations	4,095,543	5,184,340
Fertilizers, manufactured	669,719	4,566,826
Explosives and chemicals	4,845,026	4,616,872
Leather, leather goods and furs	2,009,525	1,765,151
Rubber manufactures	1,481,334	1,715,347
Wood and cork manufactures	1,123,761	1,090,942
Paper, paperboard and manufactures	12,427,692	12,059,379
Textile yarn, fabrics and articles	71,467,524	72,242,792
Non-metallic mineral manufactures	7,329,127	6,392,981
Silver, platinum, gems and jewellery	9,447,828	6,701,031
Base metals	48,128,651	12,595,608
Manufactures of metals	6,170,438	4,405,461
Machinery other than electric	11,091,923	8,394,255
Electric machinery and appliances	8,011,828	7,784,059
Transport equipment	9,292,279	8,686,573
Prefabricated buildings; plumbing, heating and lighting fittings	1,223,254	1,182,430
Furniture and fixtures	440,899	271,152
Travel goods	223,016	198,112
Clothing	4,261,576	2,364,931
Footwear	501,916	295,205
Scientific instruments; photographic and optical goods; watches and clocks	18,200,462	13,562,982
Miscellaneous manufactured articles	8,890,884	6,650,702
Live animals, not for food	28,862	10,191
Total Merchandise	**477,872,840**	**385,533,548**
Total gold and specie	**21,778,290**	**41,301,063**
Grand Total	**499,651,130**	**426,834,611**

EXPORTS, BY DIVISIONS

Division	January 1957 HK$	January 1956 HK$
Live animals	185,370	46,090
Meat and meat preparations	2,737,609	2,171,429
Dairy products	1,198,340	952,681
Fish and fish preparations	3,547,588	2,906,514
Cereals	5,352,892	5,360,227
Fruits and vegetables	18,037,659	11,901,946
Sugar and sugar preparations	5,525,194	3,017,488
Coffee, tea, cocoa and spices	3,778,919	2,062,211
Feeding stuffs for animals	534,676	135,356
Miscellaneous food preparations	2,768,242	2,396,926
Beverages	1,050,708	1,052,159
Tobacco and tobacco manufactures	660,535	1,174,545
Hides, skins, furs (undressed)	1,280,481	878,970
Oil seeds and nuts	2,241,608	2,045,847
Crude rubber, including synthetic	177,714	4,013
Wood, lumber and cork	831,446	555,708
Pulp and waste paper	285,913	50,844
Textile fibres and waste	15,385,699	2,602,015
Crude fertilizers and minerals	257,325	381,332
Ores and metal scrap	8,962,495	3,431,369
Animal and vegetable crude materials	12,785,213	13,802,434
Mineral fuels	1,882,188	553,069
Animal and vegetable oils	3,107,275	6,369,154
Chemical elements and compounds	1,202,306	788,845
Mineral tar and crude chemicals	420	3,281
Dyeing, tanning and colouring materials	3,351,045	4,749,561
Medicinal and pharmaceutical products	4,875,446	3,609,194
Perfumes and cleansing preparations	2,275,779	2,895,870
Fertilizers, manufactured	464,961	3,495,819
Explosives and chemicals	1,430,288	1,544,847
Leather, leather goods and furs	152,864	137,291
Rubber manufactures	238,413	585,270
Wood and cork manufactures	322,814	567,541
Paper, paperboard and manufactures	4,142,580	4,965,276
Textile yarn, fabrics and articles	69,935,668	64,575,871
Non-metallic mineral manufactures	3,028,582	3,306,022
Silver, platinum, gems and jewellery	2,435,455	2,456,900
Base metals	22,201,975	4,461,139
Manufactures of metals	12,280,178	10,909,406
Machinery other than electric	2,754,042	3,716,645
Electric machinery and appliances	2,531,609	2,935,042
Transport equipment	3,961,189	1,626,069
Prefabricated buildings; plumbing, heating and lighting fittings	5,902,881	5,244,708
Furniture and fixtures	3,819,757	3,427,369
Travel goods	1,123,563	976,854
Clothing	35,279,936	33,115,825
Footwear	9,144,851	10,645,458
Scientific instruments; photographic and optical goods; watches and clocks	4,407,556	3,584,079
Miscellaneous manufactured articles	15,387,567	13,024,479
Live animals, not for food	61,214	32,228
Total Merchandise	305,288,028	251,233,216
Total gold and specie	25,603,688	48,392,312
Grand Total	330,891,716	299,625,528

HONGKONG PRODUCTS

EXPORTS, BY COUNTRIES

Country	January 1957 HK$	January 1956 HK$
Africa, Central (British)	584,564	394,129
Africa, East (British)	2,191,676	1,341,474
Africa, South	2,434,088	1,332,399
Africa, West (British)	2,810,172	3,005,970
African Countries, Other	4,508,733	2,096,249
America, Central	1,302,132	832,276
America, South (excluding Argentina and Brazil)	975,458	668,891
Argentina	992	—
Asian Countries, Central	8,130	56,161
Australia	1,679,619	1,311,347
Belgium	293,528	201,889
Borneo, North	811,559	737,740
Brazil	5,411	—
British Commonwealth, Other	915,965	967,891
Burma	614,261	47,921
Cambodia, Laos & Vietnam	2,641,206	4,079,832
Canada	1,050,536	1,211,035
Ceylon	704,792	428,210
China	2,249,049	129
Denmark	120,035	52,002
Egypt	—	41,446
European Countries, Other	7,196	9,250
Formosa	111,612	168,337
France	26,550	4,282
Germany (Western)	352,519	254,332
India	351,585	330,434
Indonesia	13,040,570	13,773,195
Italy	56,925	38,023
Japan	654,919	439,135
Korea, South	59,657	490,329
Macao	472,805	297,598
Malaya	7,596,339	8,979,405
Middle and Near East	773,998	536,596
Netherlands	288,876	196,876
New Zealand	376,959	69,998
Norway	64,372	17,425
Oceania, British	243,338	112,652
Oceania, United States	336,991	310,595
Oceania, n.e.s.	209,335	180,637
Pakistan	17,552	244,887
Philippines	3,077,826	1,029,516
Sweden	60,072	35,363
Switzerland	19,523	36,303
Thailand	4,012,628	5,048,198
United Kingdom	15,205,019	13,211,175
U.S.A.	1,537,024	1,204,316
West Indies, British	589,518	611,853
Total	75,445,614	66,437,701

EXPORTS, BY COMMODITIES

Commodity	January 1957 HK$	January 1956 HK$
Fish in airtight containers	225,021	237,995
Fruits, preserved	1,218,168	1,290,693
Jams and fruit jellies	125	—
Fruit juices, unfermented	17,089	4,205
Non-alcoholic beverages	22,563	20,389
Beer	198	2,028
Cigarettes	115,191	84,012
Iron ore	685,312	401,223
Tungsten ore	25,500	—
Seagrass	6,060	5,018
Lacquer and varnish	190,367	291,200
Paint, enamel and mastic	902,627	908,207
Cotton yarn	10,937,115	8,594,232
Cotton piece goods	21,587,032	12,394,632
Towel, not embroidered	972,968	1,401,220
Linen, embroidered	943,792	702,139
Cement	213,007	575,209
Iron and steel bars	2,177,570	570,547
Household utensils, enamelled	6,981,164	6,052,392
Household utensils, aluminium	804,709	827,597
Torch batteries	526,308	1,191,631
Torch bulbs	238,888	641,736
Electric torches	3,773,183	3,163,185
Lanterns, metal	1,198,948	1,168,958
Cotton singlets	3,962,771	7,475,806
Underwear and nightwear, embroidered	295,168	170,797
Shirts	6,552,984	6,030,119
Outerwear, embroidered	640,915	509,306
Articles of clothing (handkerchiefs, shawls, etc.), embroidered, n.e.s.	360,333	254,142
Footwear	8,583,502	10,105,876
Matches	57,063	120,327
Plastic articles	711,178	689,636
Vacuum flasks, complete	518,795	553,244
Total	75,445,614	66,437,701